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WEST EUROPE REPORT

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FRG BUNDESWEHR INSPECTOR GENERAL VIEWS ROLE, STATUS OF NATO

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 19 Apr 80 pp 14-15

[Speech by Bundeswehr Inspector-General Gen Juergen Brandt: "What Is the Military Establishment Good for--Only War?"]

[Text] Bundeswehr [West German Armed Forces] Inspector-General, Gen Juergen Brandt addressed the Clausewitz Forum on the topic "The Military Contribution to Securing the Peace." The Soviet invasion of Afghanistan and NATO's two-fold decision to catch up regarding the procurement of atomic medium-range weapons, combined with an offer to Moscow to negotiate on a reduction of this potential has in recent weeks and months characterized the security-policy discussion. Numerous conferences and security-policy meetings are addressing themselves to the possible consequences. Thus, a short time ago, Bundeswehr Inspector-General Juergen Brandt commented on the security-policy situation during an international Clausewitz Forum in Hamburg. He arrived at the conclusion that, in his opinion, in spite of the desire for peace, no strategies and systems have become effective so far today in history which would banish wars from the world and which would make the military superfluous. Security-policy problems will also be taken up over the weekend in the course of a big security-policy conference of the SPD [Social Democratic Party of Germany] in Cologne. FRANKFURTER RUNDSCHAU is publishing General Brandt's speech verbatim.

Allow me first of all to express my appreciation for the invitation to present the first report on this festive occasion. I was very happy to accept this invitation especially since the topic "The Military Contribution to Securing the Peace" to be sure is very old but is most timely especially today for all mankind but particularly also for our military

personnel and the Bundeswehr. Besides, we are celebrating two anniversaries this year, the 200th anniversary of the birthday of Clausewitz and the 25th anniversary of the Bundeswehr. This is indeed a coincidence. But it does provide an opportunity, especially for the inspector general of the Bundeswehr, to express some ideas on the way in which the soldier views himself and looks upon the role of the military in the present.

In his work "Vom Kriege," Clausewitz included among the "activities which exist for the sake of war...the entire creation of the fighting forces..." ("Vom Kriege," volume 2, chapter 1, quoted from the first edition). Fighting forces for the sake of war? This statement will produce much resistance nowadays if no further explanation is given. We still recall the widespread view which, 25 years ago, 10 years after the experiences of World War II, still constituted the expression of the desire for peace: "Never again war-- never again soldiers." That was a time when it was difficult to talk about handling armed might without stirring up emotions. During that time the decision was made to build up the Bundeswehr. In that situation, Adenauer-- 125 years after Clausewitz--had this to say after his first visit to the Bundeswehr on 20 January 1956 in Andernach: "It is the objective of German rearmament to contribute to the preservation of peace."

Since then, soldiers also had to address themselves to the following question: What is the military establishment good for--only war or also for securing peace? Unlike most other armies, this question in West Germany produced a situation where the Bundeswehr oddly enough was also given the mission of justifying its existence in the eyes of the public.

The FRG has always been absolutely clear regarding the political objective of maintaining armed forces. In addressing the Bundeswehr commanders, Foreign Minister Genscher said the following on 5 May of last year: "The Federal Republic has been pursuing a peace policy ever since its founding" and in the latest White Book, Federal Chancellor Helmut Schmidt wrote the following: "The objective of our security policy is to preserve peace with freedom. Peace with freedom is the highest good."

What the federal government means by that it explained on 7 June 1977 to the Bundestag [Lower House]--and I quote: "This policy of peace preservation is designed to rule out threats of violence and the use of violence between countries and groups of countries as a means for resolving political problems." The strategy of securing the peace therefore is aimed at reducing the causes of conflict and at international detente. At home and abroad, almost all sectors of society and the political establishment contribute toward that strategy through their actions, be it industry and commerce, the churches and labor unions, development policy, foreign policy, and security policy.

The last one again brings me back to the military sphere, the sphere for which I am responsible. Membership in NATO and the maintenance of the Bundeswehr are the final outcome and foundation of this security policy.

But in saying this, I am also simultaneously making the following point: The thing at issue here is the primacy of the political establishment--in the FRG and within the NATO Alliance. Here we absolutely follow Clausewitz when he says: "The only thing possible is the subordination of the military viewpoint to the political viewpoint" (Clausewitz, loc. cit., volume 8, chapter 6, section B). Obviously, in other words, the federal government and the Alliance consider a military contribution to be necessary in order to secure peace or--in other words--they believe that securing the peace is possible only through a military contribution.

In addressing ourselves to the question as to what the military contribution to securing the peace consists of, we come back to the previously mentioned apparent contradiction between Clausewitz and Adenauer. The thesis: "Si vis pacem para bellum" [*If you want peace, prepare for war*] (Vegetius, "Epitome institutorum rei militaris" [*Military instructor's handbook*], 3rd volume, "Qui desiderat pacem, praeparet bellum" [*He who wants peace must prepare for war*]) seems suitable for resolving the conflict; nevertheless, we feel that this is a dangerous motto because it is ambiguous. It could be an invitation to an arms race, to the institutionalization of force, to the subjugation of all competitors. In abstract terms it might mean: only the strongest can live in peace because he dictates peace.

Pax romana [*Roman Peace*] is a classical example for this interpretation. For the past 30 years we have been observing a Pax sovietica which domestically is more radical than the Roman one and which toward the outside world is prepared to dictate peace. But the fact that Pax romana, in historical memory, continues to live like a golden age, is due not only to the relative domestic freedom which Rome granted--in contrast to Pax sovietica--but is probably also based on the profound desire for peace which mankind has been feeling from the very beginning. The search for a final peace system is documented in the great religions and, like a red thread, runs through all peace treaties that were concluded after the great disasters of wars. By way of example we might mention the Westphalian Peace after the Thirty Years' War and the Congress of Vienna after the liberation wars against Napoleon.

Peace systems were the subject of philosophical considerations and theories. Ideas from Kant's treatise "Zum ewigen Frieden" [*On eternal peace*] stood at the cradle of the creation of the League of Nations after World War I. The main motive for the League of Nations was the preservation of peace. And after it failed and after another war catastrophe, World War II, people once again tried to secure peace through the United Nations. In its charter, the goal of the United Nations is given in first place as follows: "To maintain world peace and international security." But reality is entirely different.

Almost all international or supranational peace systems in history were based either on subjugation or lasted only a limited time. In a study, the sociologist Jaques Novicow arrived at the following conclusion in 1911:

"From 1496 B.C. until 1861 A.D., in other words, a span of 3,357 years, there were 227 years of peace and 3,130 years of war. Over the past 3 centuries we had 286 wars in Europe. Between 1500 B.C. and 1860 A.D., more than 8,000 peace treaties were signed and it was assumed of these treaties, at the time of their conclusion, that they would last forever. On the average, they remained in force for 10 years." As we can see, none of them so far lasted as long as it was supposed to last. And for the benefit of anybody, who understands domestic government law systems also as peace systems, I would like to add--with a few exceptions, that also applies to the latter.

The Charter and the organization of the United Nations likewise did not bring us any final secured world peace system. In all parts of the world, with the exception of Australia, more than 130 armed conflicts were conducted since 1945, if we do not include civil wars and guerrilla wars. It is useless to list examples because you are all aware of them. Even today, there is no pause. By that I do not mean to say that the United Nations is useless. On the other hand, I need not list the successes. Nevertheless, it has not been possible to eliminate war from the face of the earth through the United Nations.

"Peace is the tranquility of order"--and these are the words with which St. Augustine described peace in his work on the state of God ("De civitate Dei," volume XIX, chapter XV); by that he also meant order among peoples. "Peace is the tranquility of order" means that peace signifies the safety to be found in a well-ordered world, the reliability that comes with a well-ordered life. But just exactly what that order is supposed to look like--worldwide--is something that is disputed even among those who are most eager for peace. But we can conclude the following: The definition of peace obviously includes a statement as to the order we desire.

Afghanistan's fate has once again clearly demonstrated to us the way in which the Soviet Union looks upon peace. In his interview on 13 January of this year, Brezhnev had the following to say on this--and I am once again quoting: "If we had done anything else, that would have meant standing by passively while the focus of a serious threat to the security of the Soviet state arises along our southern border." End of quotation. It is the Brezhnev doctrine which contains the statement on order, which provides the framework for that which is supposed to be peace, Soviet-style. We--and all of NATO--do not know any such thing as unconditional peace. Only peace with freedom is the highest good for us. Subjugation does not create peace, except for the peace of the cemetery.

In Article II, Paragraph 1, the West German Constitution first of all lists "the dignity of the individual" as a legal asset which cannot be renounced, which cannot be touched, and which the state must absolutely protect. This commandment in our constitution states that it is wrong to swap peace with freedom in return for peace without freedom, peace with slavery. Only the preservation of this peace is the justification and ethical foundation of the soldier's mission and his duty to display bravery at the risk of his own life. This is why our soldiers are indeed soldiers for peace. By peace we furthermore do not mean the absence of any kind of conflict. We mean the solution of conflicts without the use of force so that a free development of the community will be possible and will remain possible.

Let me summarize what I have said so far: In spite of the eternal desire for peace and many political as well as philosophical and scientific approaches to peace systems, it has been impossible in the past to eliminate war and blackmail through the threat of the use of military force from the face of the earth. But that means that even the most peaceful state requires adequate means of power in order to guarantee its peace with freedom. Here is how Clausewitz describes that: "The conqueror is always peace-loving (...), he would love very quietly to march into our country; to prevent him from doing that, we must want war and thus also prepare for war, in other words: it is especially the weak, the side that is inferior in defense, that must always be armed"; "This is why we must want war"; Now that sounds awful to us. We do not want war and it is especially the soldiers who do not want war! In our words today however the passage should be as follows: We do want peace. But we are prepared to make serious sacrifices if our freedom and our peace with freedom are threatened.

But this is the content of the NATO concept: Detente on the basis of unreduced security. This NATO concept is documented in two closely inter-related components:

First of all, in the determination--again and again proved through deeds--to achieve peaceful coexistence, to achieve a settlement without the use of force, to achieve the recognition of the freedom of the other side and to have tolerance;

Second, the clear determination and ability, all over the world, to repel threats and the use of military force.

It is the essence of this twin strategy that both of them are being pursued simultaneously. The second component--the preservation of security through the ability for deterrence and defense--is the military contribution to the preservation of peace.

The military establishment is making this contribution essentially by accomplishing two primary missions:

By establishing the action readiness of the fighting forces and

By advising responsible politicians.

I believe that no detailed explanations are necessary regarding the "establishment of the action readiness of the fighting forces" because many of you every day are devoting yourselves or have been devoting yourselves untiringly to this task. The training level of all soldiers, the inventory and the modern characteristics of our weapons systems, the capability for close cooperation with the armed forces of our allies and coordinated defense planning--these are the things which we mean when we talk about action readiness and this demonstrates our capability to fight and our determination to assert ourselves.

The determination to assert ourselves is not just a question of training and weapons inventories; it is above all also a question of the determination to fight, if it should be necessary to beat off an aggression. It makes no sense and it is not worth the money to put a soldier in uniform only for the purpose of having him say: "I really do not want to do any shooting!" A soldier must be able to say quite credibly: "I can shoot and if I must, I will shoot!" Anybody who toys with the idea of aggression against NATO must realize that he will run into resolute resistance.

Credible determination for assertion and visible fighting capability are the two main pillars of deterrence and the ability to defend ourselves. Maintaining them calls for a tremendous, unabating effort. In view of the Second Mission--the advisory mission--there is one point I would not wish to skip over: The training we give here at the Leadership Academy, whose guests we are at this time, has again and again been exposed to criticism. During my days--just about 20 years ago--it was slandered as a G-3 quickie school which did not arouse any understanding for military policy and military strategy, not to mention teaching those subjects. Today it is occasionally charged with being rather remote from the military career as such. I would advise critics expressing these two opinions to be cautious!

As a unit staff officer I learned how to dictate operations orders into the typewriter because there was no time to do anything else; and during maneuvers I stood at road intersections to prevent traffic jams. This kind of experience is just as insufficient for the advisory mission as are fundamental military tactics or the knowledge about logistics limitations and interrelationships alone.

To describe the advisory mission, I would like first of all once again to go back to Clausewitz who said the following in his book "Vom Kriege": "Only if policy promises a false effect, not in keeping with its nature, from certain military means and rules, can it have a harmful influence (upon war) through its determination. Just as somebody, in talking a language he is not quite familiar with, on occasion will say the wrong thing, so the political establishment will then often order things which do not correspond to its own intentions."

In a letter to General Staff Major von Roeder, he wrote the following on 22 December 1827: "The task and the right of the art of war, in dealing with politics, is primarily to prevent politics from demanding things which run counter to the nature of war, preventing politics from making mistakes in handling this instrument because it does not know anything about the effects of that instrument."

It is thus the task of the highest military command through expert advice to make sure that the politicians will develop and use the military instrument in keeping with their intentions. In NATO, this task is carried out by the Military Committee and the NATO supreme commander. In the FRG, this is done through the inspector-general and his staff. The inspector-general is the highest advisor of the defense minister and the federal government. He has no seat and no vote, for practical purposes, in the Federal Security Council. This body and constant cooperation guarantee the requirement of expert advice, which, in addition to technical skills, is the most essential one, that is to say, the knowledge of the intentions of the political leadership.

In our situation today, these intentions determine the requirements for the further development of the Bundeswehr within the foreseeable future. The essential parameters are as follows:

The Bundeswehr is exclusively an armed force intended for defense;

This defense is possible only within the framework of the NATO Alliance.

This means that the Bundeswehr shares the following features in common with the allied forces:

Guaranteeing the inviolability of the territory of the Federal Republic of Germany;

Protecting our free and democratic constitutional system and

At all times preserving the freedom of action of the political leadership.

To determine military strategy as well as the structure and capabilities of our armed forces, we need a comprehensive situation estimate, based on expert military knowledge. The following are required as part of this situation estimate:

First of all--and that might make some people angry--this requires, even today, a process of thoroughly thinking about all possible future conflicts.

Second, the judgment and evaluation of the potential and the military capabilities of a possible enemy--by the way, without crediting that enemy with any particular intention because he can change his intention faster than his potential but he must always base his intention on his available potential.

Third, the judgment and evaluation of our own potential and the potential of our allies.

Furthermore: the analysis of all other factors determining the use of military forces, such as--and I am selecting a few at random--geostrategic conditions, technical developments, the internal structure of the armed forces, the determination of the population to defend itself, the interest situations of our alliance partners, and so forth and so on.

This situation estimate is a continuing process. It guarantees expert advice for the political leadership and the constant adaptation of the armed forces to modern requirements, either of a technical or political nature.

It is the foundation for decisions on fund allocation. During crisis and in war, the military advisor must demonstrate to the political leadership the action leeway and the feasible action alternatives with their advantages and dangers. It is especially atomic weapons which today more than ever before tie the political and military leadership closely together because their destructive force turns them into imminently political weapons. They alter the character of conflicts quite fundamentally, both because of the constantly threatening danger of their use and because of the effect of their destructive force as such.

The advisory mission by the way also extends to the fears of disarmament and arms control negotiations. Here the military establishment must in particular make sure that this will not result in any disadvantages to the response capability and the defense capability of our side. Objectivity and sober judgment as well as incorporation into the context of the overall situation and the political intention of the leadership determine the efficiency and force of conviction of this advisory function. My action therefore is always characterized by the endeavor to make sure that there will be no occasion for any warning, for example, through the federal chancellor to the defense minister, such as the British Foreign Secretary Lord Salisbury communicated it at the time to his friend (Lord Lytton), the vice-roy of India, who a good 100 years ago had trouble in Afghanistan: "You should never trust the experts: in the doctor's opinion, nobody is really ever healthy. For a theologian, nobody is ever really without sin. And for a soldier, nothing is ever really sure!"

That brings me to the question of security, which however means the following in connection with my topic today: Whether and how the military contribution is being made. A year ago, General Haig left "Europe deeply worried about the West's ability to face the coming challenges with the necessary clarity and strength." The intervention of the Soviet forces in Afghanistan has generally increased the worry about our own security and peace also in Europe. In addition to the direct threat to peace with freedom for the Western World, there now emerges, for the 80s, a growing indirect threat to the vital raw material regions, export markets, trade relations, and shipping lanes. For more than 30 years, NATO has resisted the direct threat and has secured peace with freedom as the foundation of our prosperity today. The military establishment has successfully made its contribution by deterring attacks.

It would certainly be carrying coals to Newcastle if I were now to explain to you NATO's strategy, the strategy of deterrence, and the proper response. Let me therefore only say this: the military contribution to the preservation of peace resides especially in the ability to make this strategy also credible. Earlier I mentioned the two main supports of deterrence and defense capability, the ability of the armed forces to fight, and the determination for self-assertion.

I must now add the following: The determination for self-assertion must not and cannot be confined only to the armed forces; it will be alive only to the extent that it is alive among the people.

The other two cornerstones of deterrence are the balanced structure of the conventional and nuclear forces of the alliance and their unalterable cohesion. In spite of some shortcomings and weaknesses, these four columns did bear the burden and the alliance will in the future also take all measures necessary in order to preserve their supporting strength in the future. I would like to recall here only the decisions last December regarding nuclear weapons in Europe, the Theater Nuclear Forces, or the current improvements in moving up reinforcements from the outside.

We will always require innovations, modernizations, and improvements and the attendant efforts, costs, discussions, disagreements, and mistakes will also again and again produce criticism. These difficulties will be overcome, as they were in the past. They do not change anything in my conviction that NATO territory will remain secure against attacks also for the foreseeable future. That applies especially to the FRG along whose eastern boundary the mightiest military force concentrations of NATO and the Warsaw Pact are facing each other.

Permit me now one last quotation from Clausewitz. He wrote the following: "In other words, as soon as the effort becomes so great that the value of

the political goal can no longer balance it out, that goal must be abandoned and peace must be the consequence of that." This is precisely the situation in which I think we find those people who entertain the idea of an attack against a NATO member and thus against the entire Alliance.

The North Atlantic Treaty Organization is above all a defensive alliance with the goal--and I am quoting from Article V--of "restoring and preserving the security of North Atlantic region." This region is precisely defined in Article VI: It includes the territories of the member nations north of the Tropic of Cancer or their ships and aircraft in this region.

In relation to this goal, NATO is undoubtedly successful. This is why I think that the criticism which has been expressed by many--for example, by Ferdinand Otto Hiksche, in his book "Bis 2000" [Until the Year 2000], to the effect that "the passive deterrence theory of NATO has become outdated long ago" and supposedly "the Alliance of the West never instituted a strategy in keeping with the international situation"--to be unjustified. I would say that they are barking up the wrong tree. I repeat: NATO is an alliance for the purpose of defending the North Atlantic region and not the many-fold interests of its members all over the world.

On the other hand, I agree with former state secretary Dr. Mann who told the Eighth International Defense Science Meeting in Munich in 1976: "Present-day security depends on a multi-dimensional interdependent system of balance. The dimensions of economic strength and military potential are the most important determining factors here."

As I said before, regarding the direct confrontation, I believe that this system of balance and thus also our security are guaranteed. But the concentration of defense upon the direct threat and against NATO territory is no longer sufficient today, to preserve the peace.

It was not only the Soviet invasion of Afghanistan which made us aware that we are vulnerable outside NATO territory. But until that happened, this awareness developed rather slowly. The invasion made us think more deeply about this indirect threat to our security.

For the first time since the end of World War II, the Soviet Union itself intervened directly with military means in a country which is outside the power sphere that fell to it as a result of World War II. This means that one of the assumptions that so far determined East-West relations--to the effect that, apart from a desire for power and influence all over the world, the Soviet Union is a state that is saturated regarding its territorial power base--is no longer justified.

Why?

The claim of being the leading power and guarantor of the worldwide revolutionary process obviously, contrary to some expectations in the West, has not lost any of its dynamic force. And one must after all again and again realize how much that claim, of being the world-revolutionary leading power, is a part of the governmental, cultural, ideological--not to say, religious--self-concept of the Soviet Union. And we know that this self-concept coincides with and is strengthened by an excessive need for security which has been confirmed to me over and over again by many experts on the Soviet Union.

Obviously, only military factors count in the security concepts of the Soviet Union. We must at any rate realize that the Soviet Union is ready to risk its prestige and recognition by a large segment of the world's public, as well as favorable prospects in terms of economic and technological cooperation and finally also the material well-being of its population whenever the issue comes up as to its credibility as the guarantor power of the revolutionary movement and whenever it feels, on top of everything else, that its security interests are involved.

For Soviet policy, there seem to be no alternatives in this set up regarding the objectives and the use of resources. Revolutionary movements must be helped on to victory. A threat to the Soviet Union's own security--and a Muslim, anti-Soviet movement was bound to be considered a threat from the Moscow viewpoint--must be met with physical force; the Soviet Union thus seems to be ready to a high degree to support its policy on the only power factor available to it and that is its mighty military potential. Statistics and data, strengths and capabilities, doctrines and methods, starting positions, strategic objectives, and other facts are known to all of you and are generally evaluated in the same way. I would like to summarize my evaluation with a simple reference to the fundamentally offensive direction and capability of that military potential.

It is an expression of what I would call--"excessive" security needs in dealing with an ideologically determined "hostile environment" and the resultant determination to be able to settle a conflict exclusively in enemy territory. I am hoping that, in putting it this way, I was able to show that the political disagreements--occasionally carried out in a rather shrill manner--regarding the evaluation of the Soviet Union's armaments are not founded at all on any military situation estimates.

If we view the capabilities of the military potential in context:

With the raw-material and oil dependence of the western industrial nations,

With the emerging world-wide struggle over the distribution of oil which also includes the East Bloc,

With the attendant significance of the main sea lanes and their bottle-necks,

With the internal power struggles in the developing countries and

With China's growing importance,

Then we get the following geographic main action fields:

The flanks of NATO,

The oil regions in the Near and Middle East,

Africa, especially South Africa,

Southeast Asia and

The Caribbean and South America.

Like the direct threat, the military threat will also require a military response in addition to the political response. But it is also clear that the FRG cannot create a worldwide military balance to secure its economic interests which are the prerequisite for its economic stability. This, as I stressed before, is not the goal and mission of NATO, especially not its military organization. This alliance however offers the possibility for comprehensive consultations and, if necessary, also for cooperation in solving world-wide problems and beating off threats outside the NATO area. But we must not overlook the fact either that we have partners and friendly countries also outside NATO with whom we will likewise cooperate.

I am convinced that a political overall concept, as the West's answer to the indirect threat, can be found. I am just as convinced that, without such a concept which--as FINANCIAL TIMES wrote a few weeks ago--instead of a "punitive strategy" must represent a "containment strategy," I am convinced that, without such a concept, reactions will be found extensively in the fear of emotions and irrational approach. A decision without a situation estimate will not be enough.

West Germany's military contribution will essentially have to be confined to the contribution to NATO. But that does not rule out supporting the military peace preservation effort through other NATO partners or other friendly nations as part of a division of labor. The basic principle here however will have to remain this: The military balance in response to the direct threat will be possible only on the basis of a secure balance in the area of the direct threat.

I would now like to conclude my remarks. I have explained to you my opinion to the effect that, in spite of the desire for peace, so far in history we have not had any strategies and systems that would have eliminated wars from the face of the earth and that would have made the military superfluous. Instead, experience in our time also teaches us that the peace-loving state must have adequate means of power and mighty friends in order to make any possible enemy realize that attack or threats are hopeless from the very beginning and to expose an enemy to the kind of counterthreat that will make him drop any such ideas. I explained to you the mission of the military within the context of this deterrence, along with the establishment of armed forces action readiness and providing counsel for governments.

I justified to you my conviction as to the fact that NATO is secure against direct attack and I broadly outlined my situation estimate as to the indirect threat and our military response possibilities. In the beginning, I tied the verbal contradictions between Clausewitz and Adenauer in with the question: What is the military establishment good for--only war or only to preserve the peace? The contradiction is an apparent one and I cannot describe the resolution of this contradiction better than was done in the "Weissbuch 1979" under paragraph 243: "The soldier of the Bundeswehr is a soldier for peace. That is the core of his military mission, determined by the constitution. Our soldiers are sworn in, trained and educated so that, through combat capability and defense preparedness"--and I would like to add here: through the ability to prevail in war--"they may protect the peace." The obligation to preserve the peace gives the soldier's service political significance and moral status.

5058

CSO: 3103

MINISTER BLANKART INTERVIEWED ON SWISS, EC RELATIONSHIP

Zurich DIE WELTWOCHEN in German 2 Apr 80 pp 4-5

[Article by Roger de Weck and Wolfgang Winter: "Is Switzerland Becoming an EC-Satellite?"]

[Text] Does the Swiss legislature have any independence at all? Or is there nothing else left for it than to perform what its very powerful partner, the EC, prescribes? The legal committee of the European Parliament is demanding no more and no less than a revision in Swiss criminal law and cites the free trade agreement between Switzerland and the EC. How autonomous is Switzerland? Roger de Weck and Wolfgang Winter discussed principles with Minister Franz Blankart, "Mr Europe," in Parliament and head of the office of integration of the Honegger and Aubert ministries.

WELTWOCHEN: In respect to the free trade agreement, can the differences between the Swiss legal system and that of the EC create problems between Switzerland and the EC?

Franz Blankart: Before I go into this question—which is totally justified—I would like to remind you of the fact that both parties involved in the bargaining for the free trade agreement did agree that it should not establish any obligation to effect mutual conformity between Swiss and EC law:

--On the one hand, Switzerland, as an outside third country, could not demand any say in preparing the EEC provisions; thus, through any obligation to establish conformity in the laws it would have exposed itself to the danger of becoming a satellite.

--However, on the other hand, in the process of harmonizing its own laws, the EC also rejected any agreement which would have imposed binding considerations on third countries.

Thus, both parties have reserved unlimited autonomous implementation of their legal systems and thus have not excluded possible discrepancies between the two interpretations of the law. But--and with this I shall

now answer your question--this is the problem of every agreement bound by international law insofar as any such agreement can regulate only those items which are within its sphere of application. Anyone who is active beyond his own borders must expect, outside this sphere of application, to encounter a legal system which is not identical with his own. With this fact established, the free trade agreement has proven itself to be a well-rounded contract which in the time of its existence has been operating in a mutually satisfactory manner.

WELTWOCHÉ: Should the occasion arise, in what area would reconciliation or conformation of both legal systems be desirable or necessary?

Blankart: I should first like to point to the fact that it was not possible--or better, not yet possible--to solve three classical trade policy problems with the EC free trade agreement: state trade monopolies (match-
es, for example), the public purchasing system (which, however, has been regulated within the EFTA structure) and the quantitative restrictions on exports. Both here and other there, in these matters there are different legal systems; conformation in the sense of liberalization would be desirable. But I would like primarily to mention all the legal regulations which hamper trade, those which are introduced to benefit public health, consumer protection, environmental protection, and so on, and which thus not infrequently bring about protection of the markets which distorts competition. In this, through consultations based on reciprocity, we are trying to eliminate, to the extent possible, the differences in applying the law.

WELTWOCHÉ: Switzerland's extraordinary interest in cooperation with the EC--and primarily the necessity of having access to its market--could have a one-sided impact on our readiness to make concessions. What are the limits on this readiness to make concessions?

Blankart: After having been directly involved in all the negotiations--for almost a decade now--between our country and the EC, I can state, with knowledge of the details, that we have never concluded an unbalanced agreement with the EC. The art of diplomacy consists in laying the groundwork over the years in such a way that at the negotiating table one does not end up in a position of having to accept humiliating suggestions. Moreover, the limits to our readiness to make concessions are ultimately among the reasons why we have remained outside the EC; neutrality, parliamentary and direct democratic powers, federalism, autonomy of our economic policy and the authority to conclude agreements with third countries.

WELTWOCHÉ: Yet the free trade agreement was submitted to a referendum since people were clearly of the impression that it was modifying our autonomy. Have "losses of autonomy" ever been noted in this connection?

Blankart: In this issue I advocate a view which the majority deems to be wrong: namely, that the referendum on the free trade agreement was indeed politically very useful, but according to the then legal position was unconstitutional and thus questionable. For, in my opinion, even the people of a democracy can express themselves in a legally binding way only through those forms which they have prescribed for themselves through their own constitution. To this extent the referendum was revolutionary.

Now to your question: practically every agreement bound by international law contains obligations and with them the disadvantage of a certain loss of autonomy; for that reason it can usually be terminated. Thus, for example, in respect to the EC we can no longer readily protect our industry with the use of duties. But that is not where the problem is, rather it is in the question of whether such a loss of autonomy is compensated by rights, that is, by the advantage of greater freedom of action: on the basis of the free trade agreement Switzerland (together with its EFTA partners) is lowering an inflation-sensitive specific duty based on weight (when converted, a duty of an average of 3.6 percent on the value of imported goods) surrounding a market of 6 billion consumers, while the EC has pledged itself to abolish an inflation-resistant and valorem duty of 8.6 percent surrounding a market of 260 million consumers....

WELTWOCHÉ: The EC is faced with expansion to the south which might well diminish its internal capability to pass resolutions and thus its readiness to make concessions in respect to Switzerland. Isn't there the danger then that in the future our country will more or less voluntarily have to do what was decided in Brussels without its participation in order not to lose access to the market of its extremely powerful economic partner and the possibility of cooperation with it? Would pressure for "autonomous subsequent performance" be compatible with our direct democracy?

Blankart: At present one would have to say that the EC market for industrial goods is already open to us so that the entry of Greece and Spain will bring a corresponding expansion of the European free trade system. As far as the other sectors having to do with business law are concerned, in my opinion legislative chauvinism would be inappropriate. Not to accept in principle the EEC law because it comes from the EEC would thus be foolish because this law was for the most part framed by eminent jurists and because Switzerland, as part of Europe, has an enormous interest in pan-European harmonizing of laws. Clinging to its national prejudices against its better judgment is still not any kind of evidence of sovereignty *per se*.

WELTWOCHÉ: On the other hand, for reasons pertaining to the policy of sovereignty, it is no doubt out of the question always to accept EEC law if it provides us with economic advantages.

Blankart: Yes. On the basis of a systematic and detailed observance of EEC internal legislative activities, our efforts, at present, are aimed rather at presenting, at the appropriate time and in an informal manner, our wishes with the EC Commission, in order to see our own views again upon issuance of the EEC determination. Parallel with that, our Federal offices are repeatedly called upon, when drafting Swiss bills, to take into consideration the relevant preparatory work of the EC and through mutual discussion between experts to avoid the unnecessary creation of new disparities in the two legal systems. For, in the last analysis, it is in no one's interest to encourage the Balkanization of the law in Europe.

WELTWOCHÉ: But will the expanded EC also always be prepared to make concessions in respect to us?

Blankart: Yes, if Switzerland remains an economically strong partner. Every measure which impairs our work capacity, technological research and investment capability, reduces the capability of our country, in spite of its limited means, to stand together with the great economic powers in a partnerlike relationship. This statement, which I could substantiate with numerous details, sounds somewhat old-fashioned, but is still no less applicable.

WELTWOCHÉ: Is it easier to bring about a partner-like harmonizing of laws together with the EFTA partners, for example, in the Council of Europe?

Blankart: In certain cases, yes. In the sector of nontariff trade obstacles, for example, within the EFTA and--with differing intensity--between the EFTA countries, which are coordinated among themselves, and the EC, there is expandable cooperation. With the insight that the problems under consideration, which are in many ways urgent, can for the most part be solved only as a whole, we frequently strive from the outset for multilateral or at least open agreements with the EC which are suited also to regulate at the same time the legal relationship among the participating third countries. In other words, we are concerned with solutions which have an adequately broad design so as to cause the EC to consider it wise to give equal treatment to third countries in respect to the issue.

Moreover, I would personally welcome it if the Council of Europe could be used as a structure in the sector of West European harmonizing of laws in order to conclude agreements after the model of the European Patent Convention. In other words, we are dealing with the "model of concentric circles," in which case the EC, as the nucleus, solves a certain problem internally, conforming to the laws of the EC and regulates it externally by a multilateral convention with the interested West-European third countries. This model has the advantage that the EC can issue a set of standards that go into detail and are consistent with conditions similar to their domestic market, while the structure bound by international law can be restricted to the necessary general determinations necessary for

traffic between the agreement partners. This guarantees the unity of the law and, moreover, does not exclude the possibility that the third countries for their part will design their internal law, which is subject to the convention, in the precise form that seems essential to them. The autonomy which is thus guaranteed in the framework of European harmonizing of laws would in any case be preferable by far to the one-sided expansion of EC law to third countries, that is, to "autonomous subsequent performance."

WELTWOCHÉ: Is Switzerland in any danger of becoming an island inside Europe? Is there any substance to the idea of a "Berlin Trauma?"

Blankart: I don't think so, simply because the EC, which almost totally surrounds us and which is 40 times larger, consists of member countries that are committed to the same Western principles as we are. Thus, we are not really following a policy contrary to the EC and West-European countries, rather, in the framework of our institutional capabilities and on the basis of the mutual trust in them, we are developing a future European domestic policy.

WELTWOCHÉ: Will Switzerland have the opportunity to exist vis-a-vis the EC?

Blankart: Yes, if it continues to carry out an active policy of integration whose hallmark consists in adjusting, through ongoing consultations, the bilateral standards and measures when necessary to one another and in eliminating discriminations through balanced agreements. If, meanwhile, we regard the free trade as the conclusion of a policy and look to the further development of the EC with interest, but not actively, and solemnize the "unique case of Switzerland" at any price--and even at the expense of the others!--then our position might be weakened.

Here is ultimately the political content and purpose of the development clause: it is to make possible in the economic area a maximum of "participation in decision making without entry" as long as such a policy can be realized and is in accord with the will of parliament, the people and the cantons and is recognized and implemented by all the authorities affected.

12124

CSO: 3103

CORRUPTION CHARGES CAUSE CONFLICT BETWEEN KREISKY, ANDROSCH

Vienna PROFIL in German 21 Apr 80 pp 18-24

[Article by Robert Buchacher, Josef Votzi: "Execution and Mid-Course Correction?"]

[Text] There is more to the personal controversy between the Chancellor and his adopted son Androsch than meets the eye. At issue is the basic policy line of the Austrian Social Democrats.

According to an eyewitness, "there was dead silence in the hall exactly as if a sentence were about to be pronounced."

Shortly after 10:00 a.m. last Wednesday the SPOe deputies met in their plenary assembly hall to listen to an address by Bruno Kreisky.

Rarely had the chancellor been more emphatic in dealing with world politics and their effect on events in Austria; but then he turned to his main domestic source of pain--Hannes Androsch. "My friends and I and my party antecedents have always done our act without benefit of a net," he said and then added: "My deep sense of responsibility for the party does not permit me to spare you the consideration of this matter."

The very issues which Androsch had characterized as OeVP propaganda in an hour-long live ORF interview were raised to the level of an intra-party problem by Bruno Kreisky once again--the dual role played by the Vice Chancellor as tax collector and owner of a thriving income tax service, "Consultatio."

Kreisky's blunt address to the Socialist deputies (Androsch had just left the room in time) represented the high point of declarations made by the SPOe chairman over the past several days concerning the "General Hospital scandal" and the role played by his one-time political adopted son.

When the Vienna SPOe scheduled a conference dealing with the "General Hospital building scandal" at the Sofiensaele last Friday, a visibly miffed

Androsch already had occasion to pore over a statement the party chairman made in the evening edition of KRONEN-ZEITUNG.

"I must reiterate," he said, "that I have always been in favor of drawing the line between politics and business. The decision to turn the Androsch firm into a trusteeship is a step in the right direction; but I would have preferred Androsch's divesting himself of "Consultatio" altogether."

The very last thing left to a Socialist, the Chancellor then told the Vienna party faithful, is his personal honor, which must be defended "tooth and nail," last but not least "in the interest of the party."

As for Hannes Androsch, he is defending his "Consultatio" business tooth and nail.

Two days later Kreisky made lengthy, albeit cryptic statements about the Finance Minister in a speech he delivered at the Land convention of the Lower Austrian Young Socialists at Ybbs an der Donau. SOZIALISTISCHE KORRESPONDENZ and some newspapermen who did not personally attend devoted a mere two sentences to the event. Kreisky was quoted as having said: "Let no one think that SPOe membership affords protection against all eventualities. On the contrary: SPOe membership calls for higher moral standards." But in fact Kreisky used much plainer language than that.

"If someone in serving the movement has made mistakes," Kreisky said with direct reference to the General Hospital scandal and the Vice Chancellor, "he may expect the party to stand by him provided he has informed the party of the details." But he added: "Anyone who thinks this or that is none of the party's business cannot expect the party to cover up for him in every case. Only those will enjoy the benefits of solidarity who themselves give proof of their solidarity toward the movement."

At a district conference in Waehring Kreisky let it be known that he would not allow the slightest shadow to be cast on the SPOe by the Androsch clan.

And after the ministerial council meeting on Tuesday, the Chancellor called the "Consultatio" trusteeship solution by Androsch no more than a "first important step."

Since the chief and the vice chancellor are no longer on speaking terms and now resort to the media to communicate with each other, Androsch went on television that evening to indicate what his second step might be: "A step out of the government."

Even the party's own media can no longer pass over the power struggle within the SPOe in silence. When the KLEINE ZEITUNG reduced the Kreisky address to a purported quote ("If he does not leave on his own, we will make him.") and headlined it accordingly, the SOZIALISTISCHE KORRESPONDENZ issued a half-hearted denial stating that "this was not the way" in which the chancellor

expressed himself. But it is clear that those who heard him gained the impression that it was exactly what the chancellor meant.

Party insiders also thought they could detect what the sentiments within the party were toward Androsch during last week's parliamentary debate. On the one hand, the Socialist fraction wants a parliamentary committee to look into the letting of the controversial ABO contract (which went to Oskodata operated by Franz Bauer, a friend of Androsch's) and on the other, when the first speaker, fraction chief Heinz Fischer, took the floor he did not say a single word in defense of the Consultatio owner and finance minister who was being attacked by the OeVP.

The reason for it is that these things have been smoldering inside the party for years and are now coming out into the open with a vengeance in connection with the General Hospital affair. They are matters of substance as much as of personalities.

As opposed to "nonideological" Androsch, Kreisky grew up during the days of Austro-Marxism, in a time of very violent ideological controversy and class animosity and is conscious of social democratic traditions despite his upper middle-class origins. That is why he has kept on telling the Socialist parliamentarians that it is one of the greatest social democratic virtues to operate "without benefit of a net" and to give one's all for the party, if need be.

What Kreisky finds particularly vexing is that someone like Androsch is immune toward such "sentimentality." He has become symbolic for a new class which Kreisky fears constitutes a potential danger for the social democrats. In not really dissociating themselves from the status quo, they adopt the attitudes of bourgeois technocrats and consider their consummate professionalism in adapting to things as they are the first principle of action.

Although Kreisky does have an upper-middle class background, his basic attitudes were shaped through his experiences with the working class. He did not join a socialist intellectuals' organization, but opted for the Socialist Workers Youth.

Androsch for his part was viewed by many as an outsider when he joined the Socialist Students Association of Austria: a smart and competent young man quick to cope in the real world, who soon showed up at the association's premises in Werdertorgasse in a white sports car while other Red students came by bicycle.

The differences between the Androsch clique and people like Blecha, Fischer, etc., in the association were much the same then as they are now. The Androsch group, reality-related, businesslike and pragmatic stands at the opposite end of the Blecha-Fischer group which is critical of reality, ideologically oriented and political-philosophical.

Then as now there are intellectual and ideological differences as well as profoundly personal ones. There are those who have personal ties to Androsch and there are those who do not. There is one municipal councilor in Vienna who says: "When I shake hands with Androsch, I feel a chill running down my spine."

On the other hand there is a camaraderie among those close to Androsch reminiscent at times of motivation training as conducted by large modern-day corporations. They are mostly people with bourgeois leanings (a number of Androsch's staff members come from OeVP and FPÖ families) who are highly qualified professionally and who, like Androsch, are inclined to adapt to things as they are. And, they do their job well wherever they are placed.

In contrast to Leopold Gratz, Androsch has never made a wrong personnel move. And in contrast to Gratz, Androsch cannot only point to a successful political career but to policies which meantime have earned him admiration beyond Austria's borders.

As for praise, Androsch is no longer willing to let the chancellor alone receive it. When Androsch met with members of the FRG government, including Finance Minister Matthöfer, in Bonn in the middle of February, the German newspapers played him up as the boy wonder from Austria.

Kreisky, who still has a father-son fixation, was angry, as if to say: If there is any traveling to be done, I will do it.

Kreisky's relationship with his Vice Chancellor and Finance Minister Androsch is many-faceted and at times seems ambiguous. Initial admiration for a young and talented man gave way to disappointment, primarily regarding Androsch's style and his lack of a sense of traditional socialist ethics.

Androsch's press secretary, Manfred Buchacher, says: "We have nothing to reproach ourselves with," which sums up Androsch's outlook and at the same time demonstrates the gulf between his ideas of propriety and those of the party and the public.

Androsch's apparent lack of sensitivity sometimes makes one think that he still has not understood what Leopold Gratz meant when he said: "You may have won all the court battles, but somewhere along the line it still seems there is something wrong."

Inside the party there is talk that the chancellor may know more about Androsch than the public has thus far been told--be it about "Consultatio," the clan system or about Androsch's private villa.

The Androsch crowd counters this by intimating that at least some of the General Hospital affair might even rub off on the chancellor himself.

And so Androsch mounted a counterattack by granting DIE PRESSE an interview last Friday. Political responsibility in the General Hospital matter, particularly with respect to the Siemens contract, had to be borne by the chancellor himself, whose job it is to oversee the socialized industries--the Austrian government holding 43.6 percent of the Siemens shares.

But the General Hospital scandal is merely the top of the iceberg. Kreisky may just possibly consider it the right issue and the right time to get Austrian social democracy back on course.

Originally it was quite clear that Kreisky meant to groom Androsch as his successor; otherwise, he would not have named him his vice chancellor. But now he no longer thinks he is fit to succeed him.

In fact, Androsch is a man who hardly cares about the party. It all started with Androsch telling Kreisky one day he wanted to give up the Finance Ministry and take over the National Bank instead. And it continued with a number of disagreements between Kreisky and Androsch on substantive issues like the hard currency policy and the investment assistance program.

And then there was "Consultatio."

Androsch, for his part, felt that Kreisky was constantly meddling in his affairs, that he was going around the country promising people billions and thereby making it impossible for him to stabilize the budget.

Kreisky has permitted his personal feud with Androsch and the animosities within the party to lead his charges into a difficult situation which gives rise to daring speculation on the OeVP's part, looking to an imminent break-up of the SPOe.

Androsch, in fact, comes on stronger and more uncompromising than ever--aided in no small way by the still continuing support of Anton Benya.

And Kreisky himself must be uncompromising, too--based on his experiences during the first "Consultatio" affair in 1978.

At that time, Benya made his power felt by telling Kreisky "enough is enough," when he attacked Androsch. Kreisky pulled back and let the reins go slack. But he cannot afford such a loss of authority a second time.

The same thing applies to the Kreisky-Androsch crisis of 1980 that the finance minister's former associate and present assistant director of the Austria Tobacco Company, Beppo Mauhart, said about the controversy in the fall of 1978. "It is like a Greek tragedy," he said then. "One knows exactly what is going to happen, but can do nothing to prevent it."

At that time, too, Androsch and Kreisky communicated with each other solely over the media on the "Consultatio" matter and it was not until a closed-door

conference between Kreisky, Benya and Grata took place and the "trusteeship solution" proposal was made by Androsch that the weeks-long tug-of-war came to an end.

As for the 1980 controversy between the chancellor and the vice chancellor, there is no solution yet in sight in view of the hard lines adopted by both sides. "If they both stick to their guns," one SPOe member said, "the party will have to decide which of the two it can do without. And everybody knows how valuable Kreisky is."

9478

CSO: 3103

WRITER ANALYZES ISLAMIC CONGRESS

Nicosia EIKONES in Greek 4-10 Apr 80 pp 9, 40

[Article by Iakovos Tenedios]

[Text] Many people have written in the Greek-Cypriot and Turkish-Cypriot press about the Eighth General Assembly of the International Islamic Congress, which was held from 24 to 28 March at the Hotel Salamis Bel in Turkish-occupied Famagusta. Whereas the Turkish-Cypriot press crowed about the achievement of the Denktas administration in convening the congress in occupied Cyprus, the Greek-Cypriot press pointed out the dangers which are inherent in the recognition of the Denktas administration by the religious organizations of the Islamic countries. The positions which were defended on both sides contain exaggerations. We are not saying that the convening of an Islamic congress in the Turkish-occupied areas was not an achievement by Denktas, nor do we understate the dangers which can ensue from this. But a brief analysis of these events will make it clear to us that we should not exaggerate them.

The Motamar Al-Alam Al-Islami, the International Islamic Congress, is a religious organization which was founded in 1926 in Mecca. Included among its founders were venerated personalities of the Islamic world of that time. Initially, the headquarters of the congress was Mecca, but later it was transferred to Jerusalem and finally, in 1951, to Karachi, Pakistan. Since the day of its founding it has held eight general assemblies in all, including this year's, in various countries. It is a powerful organization which engages in a variety of religious, social, and economic activities. Among the operations which it has successfully managed are the Islamic Development Bank, the Islamic Mutual Aid Fund, the International Islamic Press Agency, the Islamic Commercial and Industrial Chamber, and the Committee of Islamic Minorities. It has acquired the status of observer at the United Nations and the Islamic Conference (of foreign ministers of Islamic countries). It has a general secretariat and an executive council, which sets its policy.

As a religious organization, it is of course supposed to aim at the promotion of Islamism. But it does not restrict itself within narrow confines of fanaticism. Its principles have a global character. It supports world peace and understanding among the various peoples and religions.

The president of the Motamar, Dr (Daoulimbi), in a speech at the Eighth General Assembly, said that the purpose of its convening in Cyprus is not to widen the differences between the two communities, but to examine the problems which humanity faces. Of course, Dr (Daoulimbi) defended the Turkish invasion, as did also the secretary general Dr (Inamoullah Khan), who in fact said that the Turkish-Cypriot community may be obliged to proclaim its independence. The same Dr (Inamoullah Khan) said also that the Turkish-Cypriot community does not want to infringe upon the rights of the Greek-Cypriot community. But these statements were made because these religious leaders were convinced by what was told to them by the administration of Denktas, which tried to present the Greek-Cypriot side as the enemy of Islamism--something which is not true. But they were persuaded nevertheless. They were convinced because of the one-sided effect of Turkish propaganda, which capitalized on its advantage that it belongs to the Islamic world. But the Turkish side would not have been able to utilize so freely this advantage if we ourselves had made the effort to come into contact with the Motamar and the other Islamic organizations and to explain to them that Cyprus has never been a center of religious fanaticism, but on the contrary that religious tolerance has always prevailed in this country. Cyprus came into contact with Islam very early. It is a country which has been oppressed for centuries, and precisely for this reason it is not able to provoke mistrust in Islam, which at this moment has been aroused and is struggling against the oppression which it has suffered for centuries.

The Turkish leadership presented its positions from its own viewpoint to the members of the congress who came to Cyprus. The congress members did not come into contact with the Turkish-Cypriots. They were taken to see the "common graves," but they were not told about the Greek-Cypriot missing persons or about the 200,000 refugees. Denktas tried to compare his community to the Palestinians, but he did not say that he has displaced people from their homes in order to implement his plans for partitioning.

But above all Denktas, who suggested the convening in Cyprus of the General Assembly of the Motamar, took care to get rid of the copies of his book "Dodeka para pende" [Five Minutes to Twelve], in which not very complimentary expressions about the Muslim Arabs are used. Now, when he refers to the Turkish-Cypriot community, he uses the expression "Muslim" Turkish community, whereas earlier he did not deign to use this term. These and many other things ought to be told, in a suitable way, to the Islamic organizations, and above all it should be explained that Cyprus has not had nor does it have any intention of getting rid of any Islamic population, as is maintained by Turkish propaganda, but is trying to defend itself against Turkish expansionism, which for centuries has also had as its victims many neighboring Islamic peoples.

12114

PROFILE ON ARCHBISHOP KRYSOSTOMOS PUBLISHED

Nicosia CYPRUS MAIL in English 27 Apr 80 pp 1, 2

[Article by John Neves]

[Text] The setting is one for a prince of the Church--the magnificent palace, the marble-floored anti-chambers, the decorous audience hall--but the man at the centre of it is one whose concern it is to nurture spiritual values in Cyprus, who equates the living church with the people, brought up in a monastery, and very much, one suspects, a monk at heart still.

Difficult though it was to be elected successor to Archbishop Makarios, it must have been a joy to be an archbishop who could devote himself wholly to church affairs. However, the continuity was clear: he too was a former bishop of Paphos and native of Paphos district, Makarios' own homeland.

Khrystostomos sees himself confronted with the same problems as every priest throughout the world--how to carry the spiritual message of the church into into a secularised world. In the case of Cyprus, there is the complementary task of asserting Christianity vis-a-vis the Moslem north. The Church in the south has to work for the righting of the wrong done to its community in 1974, he says, for "the church and the people are one. Justice and freedom must be restored to those driven from their homes."

The Archbishop was 50 when he was elected, having been born in Statos near Paphos in 1927. His father was a farmer specialising in livestock husbandry and Christophoros, as he was baptised, was the second youngest of seven brothers and three sisters. Large families were common among his relatives as they have often been in the backgrounds of other distinguished prelates.

The young boy grew up in a very conservative background, going to school in Statos and working hard with his father and brothers on the farm, looking after the goats. An uncle was a monk at Kykko Monastery, and he must have been a source of some inspiration to the young Christophoros, for at 13 he too entered the monastery as a novice, and passed several very formative years of his life there.

At that time there were 20 monks and 12 novices in the monastery. In accordance with the Orthodox practice, he was not trained to take vows on the Latin model, but received an education that would fit him to be a secular priest. In effect it corresponded in many ways to the schooling other boys receive in the gymnasium up to the third class.

At the age of 18 the monastery sent him to the Pan-cyprian Gymnasium in Nicosia where he was placed in the third class and studied four years. His favourite subjects were Ancient Greek, Mathematics and Physics, particularly mathematics. He was not good at foreign languages. In 1950 he passed his School Leaving Certificate, and left the gymnasium.

Abbot Khrysostomos of Kykko had been a great influence on him during his years as a novice and when Archbishop Makarios came to ordain him at the monastery the following year, it was his name he took as priest.

He stayed two years in Kykko. His function was that of secretary to the abbot's council, for whom he kept minutes and accounts. But he was marked out for a learned future and in 1952 he went to study at Athens University. While the struggle for independence under Archbishop Makarios' leadership began in Cyprus, the young Khrysostomos, who backed his police wholeheartedly, was embarked on a course of study in the schools of philosophy and philology and theology that was to span eight years. Meanwhile he served as deacon in a church in Athens, and from 1957 onwards looked after the Ethnarch's office in Athens while he was in exile in the Seychelles.

The political situation occupied his mind when he was not studying and he regularly went with the other students on demonstrations. He had confidence in the Archbishop's policy, but knew that the Turkish factor would succeed in preventing enosis. Instead, he made Makarios' line his own, and has remained ever since suspicious of all foreign interference in Cypriot affairs, from whatever source.

The tradition of Orthodox Church in Cyprus dictated a political role for its priests, especially one of such promise as Khrysostomos, but he remained first and foremost a scholar. When his studies were completed in 1960, he returned to Cyprus to teach philosophy and philology and theology at St. Barnabas Seminary and the Kykko Gymnasium School.

These were the opening years of Makarios' presidency, and Khrysostomos grew increasingly opposed to the presence of Greek and Turkish troops in Cyprus, seeing the President's policy of non-alignment as offering the only hope of preserving the young country's independence of action.

In 1966 he paid a year's visit to the former colonial power to learn English and out of this grew not merely a linguistic capability but an involvement with the ecumenical movement which has played a central role in his life over the succeeding 14 years.

He was the guest of Archbishop Ramsey, himself a man of pronouncedly scholarly tastes, had contact with other Anglican theologians, and came to have a high regard for the ecumenical movement in the English church. The old tradition of warm relations between the Orthodox and Anglican communions found a new protagonist in Khrysostomos.

Surprisingly, he is wary of the contribution of the theologians to ecumenism. The unity of the churches will be achieved by love, he says, and "cannot be left to the theologians." Perhaps it is the common-sense attitude of a priest who has been a bishop for twelve years and knows the practical problems involved in collaborating on an ever increasing scale with other denominations.

In 1968 he was ordained suffragan bishop to assist Makarios with church affairs while the latter was occupied with matters of state. It must have been a time when the unity of church and people was always present in his mind.

Five years later he was elected bishop of his home diocese. The Orthodox Church in Cyprus is lucky in having enough young men coming forward to be trained for the ministry for its needs. But there were other problems awaiting the new bishop of Paphos. Money was short, and it was difficult to keep the churches in good repair and pay the priests--this in spite of the arrangement by which the country priests were paid half the schoolmasters' salaries by the government in return for the handing over of a whole body of church property.

It was not long before his life underwent a violent interruption. When the Sampson coup took place, he was captured by the illegal regime's men and imprisoned in the annex of St. Prokopios. He was not permitted to visit Paphos until October 1974. However, on October 7 he was reinstated in his see as a result of popular demand for his return.

On August 3, 1977 Makarios died, and the Bishop of Paphos immediately became locum tenens. His election to the highest priestly office in Cyprus took place on November 12 and he was enthroned the next day.

As Archbishop he is a leader of the church and a leader of the people and considers as he has always done, that Cyprus' problems stem mainly from the interference of foreign powers some of them not Christian, who take advantage of the small country in their midst. He cannot accept that the tomb of St. Barnabas, the founder of the Cypriot church, should be under Turkish occupation. The refugees, he says, must be allowed to return to their homes in the north. There must be freedom and justice for the whole island. It is a priest's duty to speak out openly.

EUROPEAN COMMUNITY SUPPORTS PROJECTS

Nicosia CYPRUS MAIL in English 26 Apr 80 p 1

[Text] The European Community will provide financial assistance for three major projects in the island. Agreement to this effect was reached at a final meeting in Nicosia yesterday between the European Community team headed by M. Pierre Duchateau, the Director of the External Relations Committee of the EEC Commission, and the Cyprus government team headed by Foreign Minister Nicos Rolandis.

The three projects which are of major importance and serve the island as a whole comprise: the Vassilikos-Pentaskinos water project, the expansion of the island's electrification scheme, and the second phase of the Nicosia town sewage system which extends to both sides of the line.

The EEC team arrived in the island during the weekend and includes members of both the EEC Commission and the European Investment Bank and has had talks both with the Cyprus government and the Turkish Cypriot authorities in the North.

The head of the mission, Mr. Duchateau had said on arrival that the purpose of the visit was to identify projects to be financed under the Cyprus-EEC financial protocol.

A statement yesterday said that the exploratory talks between the Cyprus government and the team were concluded and that the talks were held in a friendly and constructive atmosphere.

Protocol

Agreement was reached between the two sides regarding the financing of the Vassilikos-Pentaskinos water project, the electrification expansion and subsequently the second phase of the Nicosia sewage system, it said.

The two sides also agreed on the contents of the Protocol for the adjustment of the Cyprus-EEC Association Agreement in view of Greece's accession to full membership of the Community as from January 1981.

Regarding the second stage of the Cyprus-EEC Association Agreement which provides for a Customs Union, the EEC team has shown understanding of the Cyprus government views and the team will now submit its recommendations to the Ministerial Committee which will issue the terms of reference for the negotiations that will follow.

The Cyprus government team headed by Foreign Minister Rolandis included: the Minister of Finance, Mr A. Afxentiou, Commerce and Industry, Mr A. Papageorgiou, Agriculture and Natural Resources, Mr G. Tombazos, the Director-General of the Ministry of Commerce, Mr G. Eliades, Agriculture, Mr A. Papasolomontos, the Director of Planning, Mr I. Aristidou, the Acting Director General of the Ministry of Finance, Mr Char. Hadjipanayotou and the Cyprus permanent representative to the EEC, Mr N. Agathocleous and other assistants.

A press release from the EEC delegation said that the delegation and the Cyprus government "agreed on common orientations which will have to be implemented in the coming months."

It added that the delegations also had contacts "designed to inform the EEC Commission about the political and economic situation on the island."

CSO: 4920

STATUS OF BRITISH PROPERTY STILL IN QUESTION

Nicosia CYPRUS MAIL in English 26 Apr 80 p 4

[Text] British nationals who purchased property at Famagusta or elsewhere in the North are being approached by Turkish lawyers to get them apply for registration of the property in their names "even if the whole purchase price is not paid."

Letters from Turkish lawyers to British buyers of Greek-owned property have been brought to light when the British buyers consulted the owners as to where they should pay the balances due by them.

One such letter addressed by a Turkish Cypriot lawyer to a British resident in the U.K. says:

Passing Bill

"I understand that you are contractual owner of a property in Famagusta-Cyprus and despite the fact that such interest has been noted by the Authorities (Turkish Cypriot) you have not so far been able to get registration (title deeds) in your name.

"Please note that the Parliament (Turkish Cypriot legislative assembly) is now in process of passing a bill whereby all contractual owners of properties such as yourselves will be given the legal right to apply to local (Turkish Cypriot) courts. If their interest is proved they will be furnished with the necessary title deeds even if the whole purchase price is not paid."

The Turkish lawyer whose address is given "Lefkosa, via Mersin 10, Turkey" concludes with saying he waits for instructions.

Our Larnaca correspondent says the lawyer apparently got the addresses after British owners of property were advised to apply to the Turkish Cypriot authorities to declare their claim to any flats or apartments or other land they had contracted for.

The obvious aim is to get them to apply for registration in their own names and then claim from them to pay the balances due to the Turkish Cypriots instead of the legal Greek Cypriot owners.

One of recipients of such a letter, who had contracted the purchase of a flat from the Lordos company, consulted Lordos as to what he should do and was told that any payment to the Turks would not relieve them of their obligations and that the owners would be taking action both in Cyprus and British courts.

CSO: 4920

GOVERNMENT ANNOUNCES FOREIGN TRADE PROGRAM

Nicosia HALKIN SESI in Turkish 4 Apr 80 p 1

[Text] Nicosia -- The liberal trade regime prepared weeks ago by the TFSC [Turkish Federated State of Cyprus] government has gone into effect in the form as amended by the experts. The program, which -- in the form drawn up by the TFSC government bearing in mind past bad experience -- contained no restricted list or prior permission procedures and the full text of which appeared in the press, had to wait for approval by the experts who would come from Turkey. There were rumors in this context that the government would stand firm by the program because it suited the structure of our community and that the prime minister and certain ministers had said they would resign if there was an attempt to change it.

However, mainland experts in the TFSC and the experts who came from Turkey insisted on making changes in the program to include the restricted list and prior permission procedures. The NUP [National Unity Party] Assembly Group, the Chamber of Commerce, industrialists and many other circles all at once opposed alteration of the program, issuing a severe warning to the government that the prior permission and restricted list should not be included in the program because they were not in the interest of the community. Despite the convergence of reaction within the community, however, the government has not put into effect the program it drew up.

Atasayan's Statement

Trade, Industry and Cooperatives Minister Taskent Atasayan held a press conference yesterday to comment on the program. The goals they are seeking with the program were listed as follows in Atasayan's statement:

"1. With a foreign purchase program that suits the needs and conditions of our economy, weight will be given to the market mechanism and economic criteria. Thus it is believed that a healthier structure will be formed, not just with police measures, but with economic measures also.

"2. The foreign exchange squeeze which necessitated the inflexible stepped exchange rate and the tight cliques and black markets in supply stemming from it will be largely eliminated.

"3. Since the types of goods of which purchases abroad from third countries are prohibited have been reduced from 108 to 15;

"a. Smuggling from the south, which cuts deeply into our socioeconomic structure, will be reduced to a minimum.

"b. As a logical result of largely eliminating import restrictions, treasury revenues will rise owing to the increased volume of purchases abroad.

"c. The opportunity will be created for the goods no longer on the reduced restriction list which have accumulated in customs to be taken out of customs and placed on the consumer market."

The new foreign trade program is also extremely sensitive to the push for exportation, as follows:

1. The following export incentives are introduced, in addition to the premium system now in practice:

a. Exporters of industrial products may be allocated 70 percent of the foreign exchange earned from selling abroad on condition that it remain in an authorized bank and at the disposal of the exporter.

b. Of the foreign exchange which must be brought to the country from earnings from tourism and the sale of services abroad, 50 percent may be allocated to the earners on condition that it remain in the authorized bank.

2. All other foreign exchange inputs (capital transfers, currency exchanged at banks individually by tourists, etc.) will be processed off the stepped exchange rate purchase scale and will be deposited in the state's stepped exchange rate account.

As a result, 3 separate foreign exchange accounts will be held at the authorized banks to allow the system to work:

- i. The state's basic exchange rate account.
- ii. The state's stepped exchange rate account.
- iii. The banks' own stepped exchange rate accounts which will be kept current from the state's stepped rate account.

The foreign purchase of goods having to do with agricultural inputs, agricultural ways and means and machinery, and health and educational requirements will be accomplished at the basic exchange rate and new opportunities for developing production and protecting the producer will be introduced.

Opportunities will be created for the foreign purchase of a variety of things from basic foodstuffs to basic consumer goods by means of allocating foreign exchange from the state's stepped rate or basic rate account, thus bringing comfort and stability to the citizen's kitchen.

The foreign purchase of non-basic goods which may be considered luxuries and primarily for tourists will be accomplished by allocation from the banks' own stepped rate accounts and thus an effort will be made to meet the needs of tourists.

Questions

Later answering questions from the press, Taskent Atasayan claimed that the government had received no directive from mainland authorities in drawing up the program.

In answer to another question, Atasayan said that no effort had been made during work on the program to regulate economic relations with the south through official channels.

Taskent Atasayan was asked: "There are rumors that the program was not approved within the party and that a new government crisis may result. What are your views on this?" He declined to answer for election reasons.

According to information obtained in this regard, despite a promise by Prime Minister Cagatay's group in talks on the program with the NUP Assembly Group the other day to obtain a consensus of the group and resubmit the program to them before it was announced because they especially opposed the bans and restrictions, no ministry initiative along this line occurred and this led to conflict within the party.

8349

CSO: 4967

INDUSTRIALIST SEES TRADE PROGRAM RIGID AND UNPRODUCTIVE

Nicosia BOZKURT in Turkish 9 Apr 80 pp 1, 6

[Article by Bilbay Eminoglu]

[Text] Maintaining that "the trade program just announced kills industry, production and exportation and fails to introduce the flexibility needed in trade," the Turkish Cypriot Chamber of Industry has declared this month "Black April."

In a press conference yesterday, Yuksel A. Ratib, chairman of the executive board of the Turkish Cypriot Chamber of Industry, said that this program also introduces restrictive regulations into our economic relations with our parent country and makes agricultural production and exportation more difficult and registered their disapproval of the decisions and practices introduced into the industrial sector by the new program which are designed to bring the collapse of TFSC [Turkish Federated State of Cyprus] industry. "The Chamber of Industry publicly proclaims this month, in which bad decisions for our industry were made, as Black April and censures these decisions before the public," he said.

Industrial Facilities to be Closed

Saying that this was not a healthy foreign trade program to save our country from an economic deadend, Chamber of Industry Chairman Yuksel A. Ratip added, "Nobody has the right to introduce facilitating measures for the trade and tourism sector while, deliberately or not, eliminating the industrial sector, leaving our workers jobless and introducing intersectoral strife." In answer to our question, he asserted that if the errors are not weeded out, production will soon drop, our industrial establishments will be closed one by one and the Public Economic Enterprises will suffer the worst damage from this situation.

"Young Entrepreneurs on Verge of Bankruptcy"

Noting that despite every effort of the Turkish Cypriot Chamber of Industry, the complete reverse of everything they had said and written has been put into practice, the Chamber of Industry chairman said, "The young, enterprising members who have gone into investments trusting in the decisions

and directives of the state are left staring bankruptcy in the face as punishment for their attempts to raise production, raise employment and raise the national income." "There is a point which the officials have forgotten: the industrialist who makes the investments imports his machinery in order to use it in production and to put people to work, not in order to sell it," he said.

State Premium

Saying, "Instead of the state's giving me export premiums, I should give the state premiums," Yuksel A. Ratib summarized the matters in which the new trade program is adverse to industry and listed their demands as follows:

Demands

"a. A policy should be pursued to increase industrial production and investment. Measures should be taken to encourage exports to third countries.

"b. In no shape or form should the 120 percent financial charge (the so-called exchange rate differences) be demanded of our members who, trusting in the state's words and documents of 25 January 1980, completed procedures and made advance payments to the banks for industrial materials, investment goods and spare parts.

"c. Foreign exchange allocations for industrial raw materials, investment goods and spare parts should at least be made by the state from the stepped rate, thus ensuring stability in industrial inputs.

"d. For our industry to be competitive with Turkey and the rest of the world, all raw materials, spare parts and machinery imports should at least be customs-free.

"e. The industries which contribute to the national economy as to quality, price, productivity and employment should be protected in every way necessary.

"f. Production and exportation should be restricted in no shape or form.

"g. The decision requiring 40 percent added value and 60 percent local input in TFSC exports to Turkey should be reviewed and modified realistically.

"h. Depreciation computations should be made on the basis of real value."

Answering other questions we put to him, Turkish Cypriot Chamber of Industry Chairman Yuksel A. Ratib said that there were certain measures they could take, as the chamber, if their demands were not acted upon, that the executive board would make this decision but that he could make no comment at present.

NIELS HELVEG PETERSEN, RADICAL LIBERAL LEADER, PROFILED

Stockholm NORDISK KONTAKT in Danish 25 Mar 80 Vol 5 pp 387, 388

[Text] It is a party with the wind at its back which the political leader of the Radical Liberal Party, 41-year-old chairman of the parliamentary group Niels Helveg Petersen now heads.

After the party lost seven seats in three successive parliamentary elections in 1973, 1975 and 1977, reducing the parliamentary group from 27 to 6 in the space of 6 years the party Niels Helveg Petersen inherited in 1977 was seriously threatened by the 2 percent barrier in the election law. The election in October 1979 turned the tide and now the party has 10 seats--with Gallup poll prospects of gaining even more.

And "inherited" is an apt word.

Niels Helveg Petersen came into the world in the historically fateful year of 1939--but the place stood in promising contrast to the time, for he shared his home town with H. C. Andersen. But while the career of the Odense shoemaker's apprentice 150 years ago was a fairy tale it must be said that Niels Helveg Petersen's looks like a "natural and almost predestined thing." As the son of the Radical Liberal Party's ideological firebrand for more than a generation, former Education and Cultural Affairs Minister K. Helveg Petersen, and former mayor Lilly Helveg Petersen he grew up in a political greenhouse and must therefore suffer the disadvantage now of having his career--political spokesman as 29-year-old and party leader at 40--regarded as the obvious fulfillment of justified expectations.

There is only one thing that is hard to understand in this dossier, the fact that it does not include a ministerial portfolio. But political circumstances have dictated that so far Niels Helveg Petersen's platform has been a seat in parliament and not a cabinet seat. While a few years ago he may have been hungry for a ministerial post, eager to gain direct political administration responsibility, today he seems to put more

weight in his role as parliamentarian. The combination of the recreated central position of the Radical Liberals in political life and the craftsmanlike political ability that is part of Niels Helveg's baggage undoubtedly also served as an object lesson that the biggest political influence does not always depend on a ministerial portfolio; at times one can exert just as much from the benches of Folketing.

And Niels Helveg has been in Folketing since 1966--broken only by the 3-year period 1974-77 when he was cabinet chief for the Danish member of the EC Commission, Finn Gundelach. When the party's leader for many years, former Prime Minister Hilmar Baunsgaard, decided to leave Danish politics in 1976 Niels Helveg inherited the certain Radical district in Middelfart from Baunsgaard. The inheritance was complete in November 1979 when he was elected chairman of the parliamentary group and thus became the formal political leader of the party as well.

Niels Helveg's recipe for solving Denmark's economic ills is not a "miracle cure" but a consistent indication that Denmark is in the kind of economic situation in which no economic measures can be overlooked. Niels Helveg does not share the skepticism the Danish Employers' Association and several prominent Liberal politicians have recently aired on the propriety of continuing the income policy. But he feels that the income policy cannot have the proper effect unless it is combined with a democratization of working life in the form of implementing a mandatory distribution of profits so that the employees of individual firms are guaranteed a share of the value increase that should result from wage restraint. And if we can talk of a political favorite of Niels Helveg's it is "joint ownership reform for wage earners."

Niels Helveg's interest and participation in Nordic cooperation is well-known. He was also part of the Danish delegation to the Nordic Council meeting in Reykjavik.

6578

CSO: 8013/1056

TRADE, COOPERATION IN OIL EXPLORATION WITH PRC

West Berlin DER TAGESSPIEGEL in German 20 Apr 80 p 12

[Article by g.t.: "Searching for Oil in the Chinese Sea"]

[Text] Bonn--German-Chinese trade is literally exploding. These days talks between a delegation from the Chinese Ministry of Geology and the Federal Ministry of Economics [BWM] were held against a background of German imports and exports which frequently exceed normal double-digit rate increases. The talks were designed to determine the future course of cooperation agreed upon by both houses in 1979.

According to a BWM spokesman two new large projects are being considered within the framework of the agreed-upon cooperation on the basis of preliminary studies carried out by German geologists. 1. Exploitation of deposits of niobium and tantalum in the Chinese Hunan province. 2. Oil exploration is to begin in the East China Sea by a new unique prospecting method. The BWM assumes that in case of success "German enterprises would be given a chance to participate in the exploitation and marketing of the raw materials. In any case German assistance in discovering Chinese raw material deposits is to be paid for by "deliveries of Chinese raw materials."

In this context the reports that the partly state financed Deminex Oil Company in cooperation with other companies has been prospecting for oil in two sectors of the Yellow Sea as well as off the western coast of the Chinese island Heinan for some time were confirmed. A BWM spokesman has characterized the cooperation in geological exploration aimed at exploiting industrial raw materials within the framework of the German-Chinese agreement as "satisfactory."

By imports of DM 2.7 billion worth of German goods China has advanced to second place behind the Soviet Union among the state-trading countries. The German 37.6 percent increase of exports to China is almost four times larger than the overall German export increase. According to BWM, Chinese imports from the FRG rose in January by 63.1 percent. At the same time last year's likewise higher than average 32.7 percent increase of German exports rose in January further by 65.5 percent.

8564

CSO: 3103

OIL CONSUMPTION DROPS, SUPPLY SITUATION GOOD

Munich SUEDEDEUTSCHE ZEITUNG in German 24 April 80 p 29

[Article by hen.: "At the Start of 1980 Oil Consumption Decreased Like Never Before"]

[Text] In the first quarter of 1980 FRG crude oil consumption decreased by about 8 percent compared with consumption in the corresponding period of last year. The largest drop of 15 percent occurred in domestic consumption of light heating oil. Federal Minister for Economics Count Lambadorff, who on Wednesday presented the latest supply data to the Bonn cabinet, attributes the drop in oil consumption not only to the mild winter but also to the consumers' continuing efforts to economize.

According to preliminary data published by the Federal Ministry of Economy consumption of crude oil in the first quarter of 1980 decreased by about 8 percent to 34 million tons. In contrast, overall primary energy consumption dropped by only about 3 percent. In the first quarter of 1979 the 48.5 percent proportion of crude oil of overall primary energy consumption decreased to 46 percent. The decreasing trend in the consumption of light and heavy heating oil contrasts with gasoline consumption, which rose by 7.5 percent and diesel oil, which rose by 0.2 percent. In the opinion of energy specialists from the Federal Ministry of Economics the increase is primarily the result of the statistical impact of catastrophic weather conditions in different parts which in turn reduced considerably the amount of driving done compared with the beginning of the current year. The ministry feels that this interpretation is borne out by the March 1979/80 comparison reflecting stable consumption in spite of an increase in the number of automobiles.

The reduction in first quarter consumption has as yet had no effect on crude oil imports; on the contrary, crude oil imports rose slightly by 0.7 percent, but oil product imports decreased by 3.6 percent. The most important crude oil suppliers were the North Sea countries (Great Britain/Norway) with 18.1 percent, followed by Saudi Arabia with 17.3 percent, Libya with 16.5 percent and--in again surprisingly high proportion--Iran with 14.7

percent. But if overall consumption of crude oil products is considered then Iran's share came to only 11 percent. In the meantime available oil company and trade supplies reached a new high of 39 million tons, enough to last for 127 days. Added to this must be around 15 million tons of light heating oil in the tanks of private consumers. Therefore, the Federal Ministry of Economics finds the supply situation to be steady and satisfactory. This reportedly does not apply only to the FRG because due to slack economic activity and increased world-wide conservation efforts demand will shrink and available supplies have reached an all time high. So far, in addition, the announced reduced output of oil has failed to reach an extent which would cause apprehension.

Doubling of the Crude Oil Price

According to Lamsdorff the overall easing of the supply situation since the beginning of the year was also reflected in the weakening price trend for crude oil which was interrupted only by the recent events which occurred in Iran. At Rotterdam, an important oil product supply market for Germany, for example, spot market prices dropped below the domestic price level which resulted in the resurrection of gasoline price wars. However, according to the price situation report by the Federal Ministry of Economy, crude oil prices delivered at the German border are currently approximately 100 percent higher than in the comparable period last year. In the FRG the current average gasoline price both before and after taxes is in the lower third of the ECE price range while heating oil prices are approximately in the middle. Considering the current development of demand the Federal Government is convinced that the net import goal for 1980 of 143 million tons of crude oil agreed upon in Tokyo and Strassburg can be met even without measures limiting consumption.

8664

CSO: 3101

POLL RESULTS PROVIDE CURRENT POLITICAL INSIGHTS

Paris LE POINT in French 28 Apr 80 pp 67-71

[Article by Jean Charlot, professor in the Paris Institute of Political Studies: "Chirac On the Rise Again, Rocard Advancing"]

[Text] Recovery by Jacques Chirac and slight decline by VGE [Valery Giscard d'Estaing] in the majority. Rise by Rocard in comparison with Mitterrand and decline of Marchais on the left. Weakness of the left and better holding by the majority. These are the broad lines of the third IFOP [French Public Opinion Institute]-LE POINT poll on the presidential election.

"There is a time for keeping silent, a time for speaking, a time for planting, a time for harvesting," Jacques Chirac stated to the press on 12 February this year. He kept silent for 8 months, after his setback in the 10 June 1979 European elections. Now he has decided to speak and to plant, starting a long campaign of persuasion. On 24 February, the Press Club of Europe 1 received him. On 4 March, he was on the 1300 hours news program of TF1. On 17 March, he appeared on "Cards on the Table" of Antenne 2. On 15 April, he granted a long interview to LE MONDE. Calm, relaxed, he is trying to erase the image of "agitated" that he possibly gave of himself in the time of the "Appel de Cochin." His criticism of the regime is without pity. He talks about the "fuzziness" of the president's diplomacy, about the "failure" of an economic policy, about "complete lack of restraint," about the "cancer of unemployment," in short about the 7-year term balance sheet that promises to be "not very brilliant." Criticism tempered by proposing alternative solutions and the statement that he will "certainly not" engage in "the worst politics," understand the game of leftist opposition.

The time has not come to garner votes, but, nevertheless, the president of the RPR [Rally for the Republic] is already gathering some fruits of this policy of presence without vain agitation, of criticism without excessive condemnation. From one poll to the next, from January to April 1980, Jacques Chirac, together with Michel Rocard, has been the only presidential candidate to improve his image among the voters. Of the five or six

components of this image in the IFOP-LE POINT poll, Chirac is progressing, while Giscard is weakening and Barre -- not to mention Debre -- is collapsing. The mayor of Paris is disarming a good part of those who were unconditionally hostile to him in the majority, including UDF (French Democratic Union). From now on, he is presented with the qualities of a president by voters in every party, just as Rocard and Giscard are. His candidacy in the presidential election is finally acquiring a credibility that it had not found in public opinion up to then.

Nevertheless, the advent of Jacques Chirac has its limitations, which are very definite. He does not at all worry Valéry Giscard d'Estaing who still outclasses him in the personal wishes of the voters and in intentions to vote, in the first and second balloting. Jacques Chirac stands out as the best candidate of the majority /after/ [in italics] Giscard, but he still seems not to have any chance at all of winning it /against/ [in italics] Giscard, even among the RPR voters.

Because, in spite of his 2 to 4 point setback in intentions to vote in the first balloting, the legitimacy of the outgoing president is still whole in the majority, and even beyond. But he has no heir in the UDF. If he were to move aside, public opinion leaves the field free to his former prime minister. Meanwhile, Chirac's progress in the voting intentions allow him to hope for an honorable first balloting and, at the same time, to maintain Gaullist influence in the majority. That already is more than the first polls promised him.

On the left, Rocard is proving more and more to be the best at the expense of Mitterrand, from now on even among the Socialist voters. The idea, brought up by some, of setting Pierre Joxe up against him, while waiting for Mitterrand, does not bear up, at present, against the verdict of the voters. It is not easy to slip in a little known politician at the presidential level. If Mitterrand should not run finally and if his friends should succeed in getting the Socialist Party (PS) to prefer another candidate over the deputy from Yvelines, the PS would take a very grave electoral risk.

With regard to Marchais -- can it be Kabul, can it be the Marchais "affair," his own attacks on the Socialist Party or all three? -- he is sinking into unpopularity and is seeing intentions to vote for him crumble away.

On the whole, the left comes out of this phase of the presidential campaign less well than the majority. In the first balloting, its vote capital is crumbling. In the second balloting, only Rocard carries weight against Giscard and Chirac. He is less definitely beaten by Giscard than Mitterrand and, differently from Mitterrand, he beats Chirac. It seems that it is high time for the left, for the Socialist Party to give itself a firm, definite candidate. Its own voters and all voters are designating the name of Michel Rocard more and more clearly for it. The main thing is to know if the polls can take the place of real primary elections.

1. The Campaign Has Begun

Do you personally feel that the campaign for the presidential election

	Total	January 1980 reference
has already begun	51%	47%
has begun a little	31%	33%
has not begun	5%	9%
no opinion	13%	11%

In the opinion of over half the voters, the campaign is in full swing from now on. Only the Gaullist voters still hesitate on the diagnosis. In the opinion of 50 percent of them, the campaign "has begun a little." For 48 percent, it has "already begun." On the other hand, the Communist voters (61 percent), Socialists (57 percent) and now UDF (58 percent) feel that they are already in a full-scale presidential campaign. That does not mean that the voters feel that they are mobilized, far from it. In comparison with last January, the percentage of voters stating that they are "much" interested in the 1981 presidential election dropped from 15 percent to 14 percent (-1). The percentage of voters "not at all" interested rose from 23 percent to 27 percent (+4). This drop in interest is owing to the Gaullist voters and the Socialist voters. Can it be because of the nomination quarrels shaking their parties?

2. Majority: VGE Still the Best Candidate

In your opinion, which candidate can best lead the majority to victory in the runoff of the presidential election?

	Total	Jan 1980 ref.	Nov 1979 ref.	PC	PS/MRG*	UDF	RPR
Valery Giscard d'Estaing	65%	67%	58%	58%	71%	80%	68%
Jacques Chirac	14%	12%	16%	22%	9%	11%	24%
Michel Debre	2%	3%	5%	2%	4%	1%	1%
No opinion	19%	18%	21%	18%	16%	8%	7%

Giscard is still by far the majority candidate most apt to lead it to victory. Of course, in the eyes of the UDF voters, but also of the PS, the PC and the RPR. In November 1979, 52 percent of the RPR voters, in January 70 percent and now 68 percent are betting on the outgoing president (against 24 percent on Chirac and 1 percent on Debre).

And, in your opinion, which candidate can best lead the majority to victory in the runoff of the presidential election on the assumption that Valery Giscard d'Estaing would not be a candidate?

* MRG [expansion unknown]

	Total	Jan 1980 ref.	PC	PS/MRG	UDF	RPR
Jacques Chirac	42%	28%	49%	42%	44%	65%
Jacques Chaban-Delmas	14%	20%	18%	20%	18%	14%
Raymond Barre	12%	21%	3%	8%	21%	10%
Michel Debre	4%	4%	5%	8%	4%	3%
No opinion	28%	27%	25%	22%	13%	8%

On the assumptions that Valery Giscard d'Estaing would not be a candidate, the Gaullists, on the other hand, are seen to be the best placed for contending to succeed him. From now on, Jacques Chirac crushes all his rivals together as the best candidate of the majority in this specific case: 65 percent of the RPR voters, but also 49 percent of the Communists, 44 percent of the UDF, 42 percent of the PS-MRG would bet on him against 21 percent of UDF, 10 percent of Gaullist voters, 8 percent of Socialists and 3 percent of Communists who would bet on Raymond Barre. In the absence of Chirac, Jacques Chaban-Delmas would make a more credible candidate for the majority than Prime Minister Raymond Barre.

3. Opposition: Rocard Gains Ground

And which candidate can best lead the opposition to victory in the second balloting of the presidential election?

	Total	Jan 1980 ref.	Nov 1979 ref.	PC	PS/MRG	UDF	RPR
Michel Rocard	45%	44%	42%	29%	48%	67%	63%
Francois Mitterrand	24%	25%	31%	28%	40%	12%	18%
Georges Marchais	8%	11%	11%	33%	4%	1%	3%
No opinion	23%	20%	16%	10%	8%	20%	16%

The credibility of Georges Marchais is still crumbling, even among the Communist voters of whom 41 percent in January 1980 and only 33 percent at present want to see in the secretary general of the PCF the best candidate of the left.

On the other hand, Michel Rocard's chances for victory, compared with Francois Mitterrand's chances, are strengthened, even among the Socialist voters. In November 1979, 43 percent of the PS-MRG voters were betting on Mitterrand, 41 percent on Rocard (-2). Today, for the first time, Mitterrand's credibility (40 percent) seems, even in the eyes of the Socialists, to be less great than Rocard's (48 percent, or +8). On the right, Rocard is viewed as definitely more credible than Mitterrand: +55 in UDF, +45 among the Gaullists, but +1 percent among the Communists.

4. Marchais Sinks into Unpopularity

Here is a list of prominent political figures. For each of them, tell me if you know right now that in no case will you vote for him, if he runs in the presidential election.

Michel Rocard	32%
Valery Giscard d'Estaing	34%
Francois Mitterrand	43%
Jacques Chirac	43%
Pierre Mauroy	46%
Jacques Chaban-Delmas	49%
Raymond Barre	54%
Michel Debre	58%
Georges Marchais	63%

Georges Marchais is sinking into unpopularity for which he always wins the prize. Nine majority voters out of ten reject him, but also an increasing proportion of Socialist voters (56 percent in November 1979, 66 percent in January 1980, 68 percent now), and even voters from his own party (12 percent in November 1979, 17 percent in January 1980, 20 percent now).

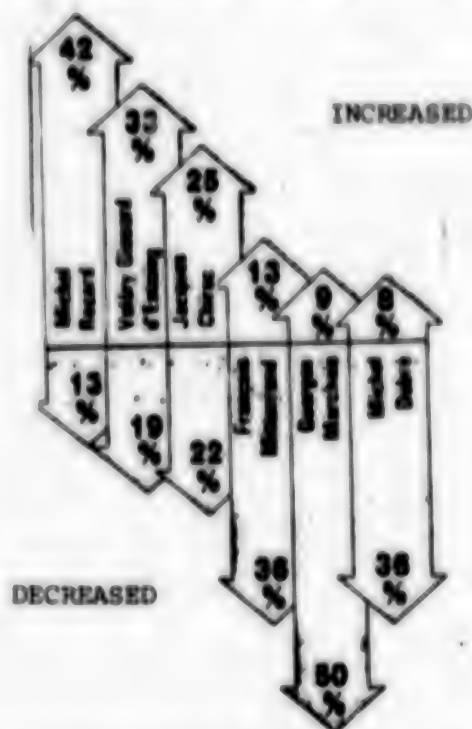
Raymond Barre is from now on almost as rejected as Michel Debre. Rejected by four-fifths of the leftist voters, he is also rejected by a good third (35 percent) of the RPR voters (instead of 22 percent in January), and, more amazing, by a third (32 percent) of the UDF voters (instead of 20 percent in January).

Jacques Chirac, on the other hand, is gradually disarming those who were absolutely hostile to him in the majority. He went from 21 to 17 percent and then to 10 percent of rejections in the RPR, but also from 45 to 35 percent and then 27 percent in the UDF.

Michel Rocard regains the advantage over VGE of being the least rejected candidate, and Mitterrand is overtaken by Chirac in the race for the least unpopularity.

5. Rocard Increases His Chances

For each of the following prominent political figures, tell me if he has rather increased his chances of winning the next presidential election, or has rather decreased his chances, during these last few weeks.



This question reveals a spectacular rise of Jacques Chirac's credibility. Regarded as having lost ground last January (35 percent saw his chances decrease, 15 percent saw them increase, or a negative balance of -20), his balance becomes slightly positive (+3). This gain in credibility, especially considerable among the RPR voters (-19 in November 9179, -11 in January 1980, +32 today), is, however, confirmed by voters in other parties.

On the other hand, the Marchais vigor has been quashed even among Communist voters (+23 in November, +1 in January, - 5 in April). François Mitterrand is falling back among the Socialist voters (-8, then +12, to fall back to -7), while his rival, Michel Rocard, is confirmed among voters in all parties, and primarily among PS voters, as the candidate whose chances are increasing most.

6. Chirac "Best Qualified To Be President" After VGE

For each of the following prominent political figures, tell me if, in your opinion, he has or does not have the personal qualities required for being president of the Republic one day.

	has		does not have		no opinion	
	Apr 80	Jan 80 ref.	Apr 80	Jan 80 ref.	Apr 80	Jan 80 ref.
Valery Giscard d'Estaing	72%	74%	15%	14%	13%	12%
Jacques Chirac	56%	47%	27%	37%	17%	16%
Michel Rocard	55%	52%	24%	25%	21%	23%
Francois Mitterrand	44%	45%	40%	39%	16%	16%
Jacques Chaban-Delmas	40%	45%	39%	36%	21%	19%
Raymond Barre	32%	37%	51%	45%	17%	18%
Michel Debre	22%	21%	55%	56%	23%	23%
Pierre Mauroy	21%	20%	50%	49%	29%	31%
Georges Marchais	17%	19%	67%	68%	16%	13%

The president in office is still a good first, just as in the two earlier polls. He is the only one who has been able to prove his capability for being president. Chirac, who had passed Mitterrand in January, is now overtaking Rocard and is from now on regarded as "best qualified to be president" for the first time by all voters, including PCF and PS voters. Rocard, who also has the makings of a president in the opinion of all voters, is now outclassing Francois Mitterrand in the thinking of the Socialist voters, after having equalled him from this point of view. Chaban and still more definitely Barre are declining in evaluation by Frenchmen of every political view. The others are out of the game.

7. Who Do You Want As President?

On the whole, who would you personally like to see as president of the Republic in 1981? (No name was suggested to the persons interviewed; the answers are spontaneous.)

	Total	Jan 80 ref.	Nov 79 ref.
V. Giscard d'Estaing	32%	32%	27%
M. Rocard	15%	11%	13%
F. Mitterrand	9%	10%	10%
G. Marchais	7%	8%	10%
J. Chirac	6%	6%	7%
J. Chaban-Delmas	2%	2%	2%
R. Barre	1%	1%	--
P. Mauroy	1%	--	--
Others	1%	2%	6%
No opinion	26%	28%	25%

The personal, free choices of the French people are still focused on the most likely and the most credible candidates. Valery Giscard d'Estaing still dominates the free-for-all, including the RPR voters among whom he is preferred over Chirac by 50% of the wishes against 21% (instead of 50% and 22% last January). Michel Rocard, a good second, outclasses Francois Mitterrand from now on among the Socialist voters (36% of the wishes against 30%, instead of 30% against 29% in January 1980 and 25% against 27% in November 1979).

8. VGE: A Slightly Less Positive Balance Sheet Than in January

If you were to draw up an overall balance sheet today of the activity of Valery Giscard d'Estaing as president of the Republic since 1974, would you say that it is

	Total	Jan 80 ref.	Nov 79 ref.
Rather positive	45%	48%	39%
Rather negative	34%	34%	42%
No opinion	21%	18%	19%

The overall balance sheet is still positive (45% against 34%, or +11), but a little less than it appeared in January (+14). It has improved in the RPR (from +51 to +58), is holding steady in the UDF (from +65 to +64), but is sharply deteriorating in the PS (from 0 to -27) without any real improvement in the PCF (from -50 to -47).

First Balloting

Let us assume that you have to choose between the following candidates in the next presidential election. For which one are there most chances that you would vote?

Assumption 1		Jan 80 ref.	Nov 79 ref.
Valery Giscard d'Estaing	37%	40%	39%
Jacques Chirac	15%	12%	12%
Francois Mitterrand	18%	18%	20%
Georges Marchais	14%	16%	16%
A far-left candidate	2%	2%	2%
Huguette Bouchardeau (PSU ¹)	1%	2%	--
A leftist radical	1%	1%	2%
Roger Garaudy	2%	1%	1%
An ecologist candidate	7%	7%	7%
Michel Jobert	2%	--	--
Jean Marie Le Pen (Nat.Front)	1%	1%	1%
Pascal Gauchon (PFN ²)	--	--	

¹ PSU [Unified Socialist Party]

² PFN [expansion unknown]

Assumption 2

		Jan 80 ref.	Nov 79 ref.
Valery Giscard d'Estaing	34%	38%	35%
Jacques Chirac	15%	12%	12%
Michel Rocard	22%	21%	22%
Georges Marchais	15%	16%	17%
A far-left candidate	2%	2%	3%
Huguette Bouchardeau (PSU)	1%	2%	--
A leftist radical	1%	1%	2%
Roger Garaudy	1%	1%	1%
An ecologist candidate	6%	6%	7%
Michel Jobert	2%	--	--
Jean Marie Le Pen (Nat. Front)	1%	1%	1%
Pascal Gauchon (PFN)	--	--	

Assumption 3

Valery Giscard d'Estaing	46%	47%	45%
Francois Mitterrand	20%	20%	22%
Georges Marchais	15%	16%	17%
A far-left candidate	2%	2%	2%
Huguette Bouchardeau (PSU)	1%	2%	--
A leftist radical	1%	2%	2%
Roger Garaudy	2%	2%	2%
An ecologist candidate	8%	7%	9%
Michel Jobert	3%	--	--
Jean Marie Le Pen (Nat. Front)	2%	2%	1%
Pascal Gauchon (PFN)	--	--	

Assumption 4

Valery Giscard d'Estaing	44%	46%	43%
Michel Rocard	24%	22%	23%
Georges Marchais	15%	17%	18%
A far-left candidate	1%	2%	3%
Huguette Bouchardeau (PSU)	1%	2%	--
A leftist radical	1%	1%	2%
Roger Garaudy	1%	1%	2%
An ecologist candidate	8%	7%	8%
Michel Jobert	3%	--	--
Jean Marie Le Pen (Nat. Front)	1%	2%	1%
Pascal Gauchon (PFN)	1%	--	

Assumption 5

		Jan 80 ref.
Raymond Barre	15%	22%
Jacques Chirac	26%	22%
Francois Mitterrand	22%	22%
Georges Marchais	16%	17%
A far-left candidate	2%	2%
Huguette Bouchardeau (PSU)	1%	2%
A leftist radical	2%	2%
Roger Garaudy	2%	2%
An ecologist candidate	9%	8%
Michel Jobert	3%	--
Jean Marie Le Pen (Nat. Front)	1%	1%
Pascal Gauchon (PFN)	1%	--

Assumption 6

Valery Giscard d'Estaing	40%
Jacques Chirac	16%
Pierre Joxe	5%
Georges Marchais	17%
A far-left candidate	2%
Huguette Bouchardeau (PSU)	2%
A leftist radical	2%
Roger Garaudy	2%
An ecologist candidate	10%
Michel Jobert	3%
Jean Marie Le Pen (Nat. Front)	1%
Pascal Gauchon (PFN)	--

Second Balloting

Let us assume that it is now the presidential election runoff. For which of the candidates are there most chances that you would vote?

Situation 1

		Jan 80 ref.	Nov 79 ref.
Valery Giscard d'Estaing	61%	60%	57%
Francois Mitterrand	39%	40%	43%

Situation 2

Jacques Chirac	51%	47%	44%
Francois Mitterrand	49%	53%	56%

Situation 3		Jan 80	Nov 79
		ref.	ref.
Valery Giscard d'Estaing	55%	55%	53%
Michel Rocard	45%	45%	47%

Situation 4

Jacques Chirac	46%	44%	42%
Michel Rocard	54%	56%	58%

Situation 5

Valery Giscard d'Estaing	71%	70%	64%
Georges Marchais	29%	30%	36%

Situation 6

Raymond Barre	44%	46%
Francois Mitterrand	56%	54%

Voting Intentions (answers out of 100 Frenchmen expressing an opinion)

The following is observed in the assumptions chosen by LE POINT and IFOP for this poll:

In the first balloting, a decline (between 1 and 4 points) by VGE, a rise by Chirac, a decline by Marchais. Mitterrand remains stable, while Rocard gains 1 or 2 points, depending on the cases.

While Giscard drops back at times in the first balloting, he moves ahead or holds steady in every assumption for the runoff and wins it handily. But, in case of a Chirac-Mitterrand duel, Chirac wins, while in January Mitterrand was beating the former prime minister.

A year away from the presidential election, the number of Frenchmen "not expressing an opinion" is on the increase: between 25 and 32% at present, compared with 20 to 30% in November in the first balloting. Between 33 and 45 %, compared with 28 to 40% in the runoff.

The third IFOP-LE POINT presidential poll covers two different surveys. The first one pertains to the image of the politicians (tables 1 to 8). It was conducted from 9 to 15 April on a representative sampling of 854 Frenchmen, 18 years old and over. The second one pertains to the voting intentions gathered in the polls. It was conducted in three waves, from 31 March to 19 April, on a sampling of 4,850 Frenchmen.

10,042

CSO: 3100

TERRORIST NETWORK IN FRANCE SEVERELY DAMAGED

Paris LE POINT in French 7 Apr 80 pp 36-41

[Article by Jacques Duquesne, Marie-Therese Guichard and Jean Schmitt, with Roger Arduin in Marseilles, Roger Bianchini in Nice, Georges Cubaynes in Toulouse, and POINT correspondents: "Terrorism: The French Network"]

[Text] As the result of a long and surprising investigation the police were able to seize a group of terrorists. Following is the detailed story which sheds a great deal of light on the precise situation of terrorism in France and its objectives.

Nineteen Frenchmen and four Italians, suspected of terrorist action, were arrested at the end of last week by the French police. This was a good catch, hereby related in detail. However, it was also a model project, this for four reasons:

It sheds light on the precise situation of the terrorist organizations. The framework of such organizations may be loose and not very structured but they maintain contact among each other, sometimes by osmosis. The detained individuals may go from one organization to another, from the GARI (Internationalist Revolutionary Action Groups) to NAPAP (Armed Nuclei for People's Autonomy), or other groups. However, they are not organically interconnected. One could use the term fluidity in their case. This is both their strong and weak point.

Another significant osmosis is with large-scale bandits. Some of the detained suspects had participated in an extensive holdup. Such connections between terrorists and criminals are not new. In the 19th century, Bakunin, the theoretician of terrorism, was already supporting the use of criminals. The famous Bonnot gang, basically motivated by anarchic ideas, gave to "the cause" no more than 10 percent of its loot. Quite more recently, in Italy, in a well-documented report, Communist Senator Ugo Pecchioli had denounced the close links between terrorists

and criminal circles. To begin with, the terrorists do not go after money for its own sake but for the means it offers. Subsequently, sometimes they end up by developing a taste for it.

No one would be able to clearly describe the political plan of the detained persons or of the groups to which they belong. The extreme ease with which they move from one group to another proves quite well the looseness of their targets. Naturally, it involves the overthrow of the current social order. And then? It would be equally difficult to analyze in rational terms the political doctrine of the Japanese Red Army or of the Baader gang.

It is frequently emphasized that some current chiefs of state are successful terrorists: Tito, Mugabe, Castro, Begin, etc. It is true that, occasionally, the means they used were the same. However, in each of these cases the political objective was clear: decolonization, opposition to the invader, etc. Nothing of the sort is the case today in Italy, Germany or France. A few individuals are swinging from one extreme to another. Some groups are more like the Russian terrorists of the end of the 19th century who described themselves as *bezmotivniki* (without motive), and that Magaryk, who was to become president of the Czechoslovak republic, described them as *todestrunken* (intoxicated with death).

There is no fatality of terrorism. This was proved by Germany, the United States (the action against the Black Panthers), and Canada. The measures taken against some forms of terrorism such as airplane hijacking, for example, proved their effectiveness. The democratic countries, while respecting the freedoms and rights of the individuals, are facing, unquestionably, greater difficulties in this struggle: The French police did not appreciate very much coming across, in this case, some of their old acquaintances who had been released by the courts after short prison terms. Conversely, in the democratic countries the terrorists are most frequently deprived of the complicity of the population. As confirmed by history, unlike the nationalist or separatist movements which enjoy a certain amount of popular support (of the Irish type), the terrorists with an anarchic leaning, of the kind trying to develop in France, have always been a passing phenomenon.

Yet, if France has been so far quite safe from terrorism, it is also because the extreme left movements and newspapers such as *LIBERATION* have openly condemned terrorism, showing a certain courage.

The soft-voiced announcement on the public address system in Orly-South, last Thursday, instructed the passengers of flight 463 to Saint-Denis, Reunion, to board the plane. Noteworthy among them was the thin silhouette of Alain Peyrefitte. Yet, the flight attendant hesitated: There was something in the air. As the minister of justice was wondering

about a 15 minute delay in the departure time, planned for 2000 hours, a man informed him discreetly that two members of a leftist commando unit who were to board the same airplane had just been detained. The action was to remain secret for the few hours of the flight, for it was to lead to an extensive roundup of a Direct Action group and the seizure of four members of the Italian Red Brigades.

Did the two apprehended men want to kill the minister described in leaflets seized last year on the Spanish border as a person to be killed? "Shoot on sight," read the text under a photograph of Alain Peyrefitte, around whom a target had been drawn. Or else, knowing that they were watched, were they trying to escape?

For several months they had been closely watched, like others who belong to groups known, respectively or simultaneously, as GARI, NAPAP, and, finally, Direct Action, when they act jointly.

This time there will be no question of a war among policemen: The Criminal Brigade headed by Commissioner Leclerc, the Judiciary Police in Lille, Toulouse, and Toulon, the Search and Intervention Brigade (antigang) headed by Commissioner Broussard, the Republican Guard, and the DST [Directorate of Territorial Surveillance] have collaborated quickly and well, weaving their net throughout the territory. Following is a reconstruction of the rather complex story of this French terrorist network which, in the past few months, was beginning to bear a dangerous resemblance to the Red Brigades which made Italy shake.

Direct Action appeared in May 1979 with an attempt on the seat of the CNPF [National Council of French Employers]. Then it claimed credit for four bombs: the bombing of the Ministry of Health, the Ministry of Labor, the seat of Sonacotra (an agency managing housing for immigrants) and the employment agency in Paris. However, on 16 September it scored a "first" in terrorism since the war in Algeria: the machine-gunning of the front of the Ministry of Labor. This was followed by two bombs, one of which in front of a discreet house in the 17th Arrondissement, which housed the DST services (French counterespionage), one of whose assignments was to "infiltrate" terrorist circles. Then, on 18 March last, Robert Galley's Ministry of Cooperation was machine-gunned, in turn. In broad daylight, a man and a woman calmly fired at the windows of the minister's office.

After the attempts on the life of Michel Poniatowski (on 10 March 1976 in Toulouse), Alain Peyrefitte (at his home, on 8 October 1977), Robert Galley, and tens of other attempts on the lives of those representing the authorities, one can see clearly the deliberate desire to provoke street violence. These were not symbolic bombs. In some cases, such bombs could have killed.

On 18 March those who fired at the Ministry of Cooperation fled first in a stolen metal-gray Mercedes which was subsequently abandoned. The car was taken to 36 Quai des Orfevres to be examined. Commissioner Broussard and the antigang inspectors who were walking across the yard stood still: It was precisely the same car they had followed last December, as they followed common criminals from the southern suburbs, suspected of preparing holdups. The car had vanished before some of them had been detained.

The Criminal Brigade was notified and cross-checking revealed that some of the criminals had been involved in political matters. A number of them also have records and are watched by General Investigations. Such gangsters who, occasionally, cooperate with some small political groups on various "strikes," operate in small groups of four or five people, highly isolated and very suspicious. Some 30 members suspected of being affiliated with the GARI or the NAPAP were thus "located" and watched. After the criminal police found out that two of them had bought tickets for a charter flight to Reunion (sent out to pasture or to ferment trouble in the island, or else making an attempt on Alain Peyrefitte's life?), they decided not to take risks and secretly detained these two passengers. Their seizure gave the police 16 hours, for their accomplices would not learn of the event before the plane would touch down in Reunion.

Then, in Paris, Toulon, Nice, Toulouse, and Lille, the police triggered a wave of raids. The result was hundreds of kilograms of explosives, stocks of arms and munitions, maps of Paris indicating the various commissariats, huge numbers of identity cards: Italian (1,000), as well as French and Swiss; blank checkbooks; notes on some personalities; documents, among which were some 30 peremptory challenges. On Thursday, 13 of the 19 suspects were transferred to the state Security Court. They included veterans of the GARI and NAPAP, one Spaniard, Frenchmen, and an Italian woman--Olga Girotto, a "technical advisor," 23 years old, presumed member of the Prima Linea Italian terrorist group, sought for a murder in Turin. It was at her home, in an apartment rented since last January, 39 Rue de la Grange-Aux-Belle, in the 10th Arrondissement, by a law student, Pascal Trillat, 21, affiliated with the NAPAP, that most of the explosives and forged papers were found. The group included Serge Fassi and his companion Martine Moulin, 26, who, until 13 March, had lived in the back room of a leather goods store which they no longer operated, 12 Rue Juliette-Dodu, only a few hundred meters away from the apartment on Grange-aux-Belles.

"They had many visitors, including a man who drove a metal-gray car," the building superintendent said. . .

While, during the weekend, the police were following all the tracks, on Sunday, at 5 am, it seemed as though the Direct Action organization

wanted to let it be known that the strike had not totally destroyed it, a police commissariat--empty at that time--on Rue Saint-Leon, in Toulouse, was blown up, 600 meters away from the general quarters of the gendarmerie. Twenty kilograms of explosives wrecked this Rococo brick building on the front steps of which someone had painted in blue three letters "OAD" (Direct Action Organization).

Why in Toulouse? Let us stop for a moment in this city where such attempts are no more numerous than elsewhere but through which pass a number of anarchic activists, and which was the cradle of the first GARI. It was in Toulouse that the CNT (National Labor Confederation) retreated during the Spanish Civil War, in 1937. Its members, anarchists, have either grown old or disappeared but the tradition remains. The GARI was founded in 1973 by two young escapees from the Barcelona prison, Jean-Marc Rouillan and Mario Inestorres. These two, with whom we shall meet later, were members of the Iberic Liberation Movement (MIL), which was fighting the Franco system in Spain.

Being an anarchist and a terrorist movement, the GARI struck essentially at Spanish targets. Acting independently and separately, the action units were very mobile. In 1974, in addition to a few holdups for financing purposes, they committed outrages in the southwest, one of which against the Spanish consulate in Toulouse (10 wounded), but also in Belgium (destruction of vehicles of the Tour de France, to protest the presence of Spanish competitors). In May 1974 they kidnapped in Paris Suarez, director of the Bank of Bilbao, to exchange him for Spanish political prisoners. Following their total failure, they released the Spanish banker.

At the end of 1974 the known members of the GARI (about 10 people) were detained. The last among them were released in 1977. . . awaiting sentencing. However, two of the released members immediately went back underground: Jean-Marc Rouillan and Mario Inestorres.

It was thought that there would be no more GARI problem. A number of veterans had abandoned it following Franco's death. However, some of them, along with several new activists who had come from the NAPAP or elsewhere, regrouped, took up the cause, and met with members of the Italian Red Brigades or the Basque ETA.

"So far," said a Toulouse policeman, "the GARI had not ~~engaged in~~ killing. However, the views have changed and those of today, blending within a multitude of small groups, would commit murder should Italian-style terrorism be adopted. We know that in Toulouse there are some 10 terrorists ready for anything. However, they are never the same ones. They take shifts. They consider the city a base for falling back and rest. . ."

The new wave is proceeding on the basis of "contracts," in other words, those from Toulouse go to work elsewhere and the crimes committed in the area are the work of transient commandoes consisting of three to four people ("a hand," as the NAPAP say).

It is thus that, on 10 March 1976, the Toulouse police discovered two bodies torn by the explosion of a time bomb aimed at Michel Poniatowski. However, the GARI did not claim credit for any of the 20 bomb explosions in the area in 1979 (EDF [Electric Power of France], offices of the HLM, etc.).

While an antiterrorist roundup is being mounted in Paris, let us go back a few months, in Lille. Investigating a holdup committed last August, the SRPJ (Judiciary Police) of Lille discovered tracks leading to Toulon and to the detention of four Italian members of the Red Brigades. One of them, Franco Pinna, may have been one of the assassins of Aldo Moro who was killed on 9 May 1978. The two operations were eventually to prove that, whereas there is no real terrorist international, there is, at least, an international support network.

The holdup which was of such interest to the Lille police had taken place on 29 August 1979 in Conde-sur-l'Escaut in the north, involving tax money. It had yielded the substantial sum of 16 million francs. That day, five minutes before the noon recess, five men and one woman, masked, wearing welding goggles and bullet-proof vests, had subjugated eight employees and climbed to the first floor, where the premises of the tax collector were located.

The tax collector had just cleared his dining room table, added extensions, and spread on it huge bundles of money which he was preparing to count with his employees. It was the retirement money to be paid to 4,300 retired miners in the area.

Not a word was said. The operation was conducted with military precision and with outside surveillance with walkie-talkies. There were no traces. . . except for one significant detail: one of the cars used and subsequently recovered at the Belgian border, eight days later, contained a frame for a Japanese-made radio broadcasting set, Icom, imported by Edkit, a company specializing in the sale of kits of electronic instruments. At the company's store, Rue de Paradis, in Paris, the names of 68 individuals who had bought such instruments were found. 58 names were verified: engineers, hospitalized and fighting boredom, and CB-band fanatics, operating amateur radio networks from cars.

Ten names were left: people who had paid cash. They were put through the computer. The computer clicked on one of them: He was not sought but checks in the name of the individual had been stolen in the course of a holdup in Bruay-en-Artois. The individual who would use them

would be the right one. In this case, luck intervened. On 28 August, on the eve of the tax money holdup, the man in question had visited the electronics store of the same company, located on Boulevard Saint-Michel, to complain that his set was not working. However, the defect was quite substantial and could not be repaired on the spot. Therefore, he left his radio but borrowed a pair of walkie-talkies. "It was simple," the employee said. "He promised to come back to pick up his radio and return the walkie-talkies."

Why did the OCRB (Central Office for the Repression of Banditry) undertake to watch the store for a month? Because it was the only lead. One month of patience passed. Finally, on 23 November, the man showed up on the Boulevard Saint-Michel. He was arrested quietly. His real name was Martin de Miguel Nova, 28, Spanish. The car he drove belonged to Annie Cuadrado, 32. It was 1600 hours and the OCRB police did not know that they just detained an important member of the GARI. Annie Cuadrado is a teacher. Her father is a respected airplane pilot. But her ex-husband, Floreal, was a GARI member. This is what drew the police's attention. Annie Cuadrado lives in Fontenay-sous-Bois, in the Val-de-Marne. A search of her home yielded nothing. However, immediately afterwards the police asked for permission to make a big roundup of extreme left circles. The time was 1800 hours. It was Friday, 23 November: the beginning of the weekend. The investigators had endless trouble before they could find police officials to give them the green light.

This was that much time lost to the police and gained by the GARI. Three inspectors remained in Fontenay-sous-Bois that evening. The telephone rang about 10 times. The quasi-military organization of the GARI sensed that something abnormal had taken place. When the General Investigation inspectors came to interrogate Miguel Nova, the person their colleagues had detained, they identified him immediately: it was Pepe, known only by his nickname. He was a Spanish Basque autonomy supporter, a chief of the GARI, a desperado, but an efficient member of the organization. Tortured in Spain by the Franco police, he was also sought there for some 30 holdups and for the murder of a policeman. In 48 hours of interrogation, Pepe spoke no more than 15 words. The home of his companion was searched again. Nothing was found. There were a few addresses and five keys to the car and the house.

The fifth key, however, was a mystery. At that point, once again, luck was with the police. They went to all the addresses which Pepe had listed, each time trying to open with that fifth key. Then, on Friday, 7 December, the police went to an apartment in Paris, in the 12th Arrondissement, 84 Rue Claude-Decaen. One of the inspectors went to the wrong apartment and tried to open a door across from the one he was supposed to open. . . Surprise! The door opened revealing an Ali Baba

treasure cove: 1,720,000 francs, some of the notes brand new, coming directly from the holdup in Conde-sur-L'Escaut; impressive material for the manufacturing of forged papers, French, Spanish, Belgian, and Swiss; ready forged documents, better than original documents; stolen checkbooks along with piles of blank checks, and some of the loot of the six other holdups.

The police showed Pepe to the Conde tax collector who recognized him. He was indicted in December 1979.

At the time of the Conde holdup Pepe had been given shelter by Elizabeth Dayer, a young woman, the companion of Franco Pinna, one of the four detained Italians.

After Paris, Toulouse, and Lille, let us follow the threads of this investigation and go to Toulon.

The police began watching a small tan-colored cottage with ochre-painted shutters in Brusc. Elizabeth Dayer and her child had rented it recently. Since then three men and one woman were living there. "Young, bearded, hairy, pleasant, but occasionally noisy," the neighbors said. The Toulon police and the Nice anti-gang noted a Zastawa car, a Fiat made in Yugoslavia, a rather uncommon model, occasionally used by the Italian extremists. . . This led to more suspicions.

The district was encircled. The car was intercepted and, at the same time, the cottage was entered. Traveling in the car were Franco Pinna, 29, with a file in Italy describing him as a drug trafficker in 1970, but also an activist believed to have been involved with the murder of Aldo Moro, and Enrico Bianco, 28, another member of the Red Brigades.

In the cottage they found Oriana Marchioni and Luigi Amadori, 25, the strange owner of a sailboat recently purchased for 30,000 francs, moored at La Seyne. They found an empty cradle, two 9 mm Herstal pistols, two 357 Magnums, one Zodiac canoe, documents, still more money from the Conde-sur-l'Escaut holdup, blank identity cards similar to those found in Paris, and documents which led to believe that the Red Brigades have major accomplices within the Italian administration. . . . The link with Direct Action was thus established.

The three men and the young woman admitted quite quickly their participation in the Conde holdup: they hoped thus to gain time and not be immediately extradited as the Italians wanted. Guarded by a large number of personnel of the GLAM (ministerial air liaison group), they reached Paris on Tuesday. Here the study of the documents seized in some 10 apartments would go on until Thursday evening.

Among those who avoided the roundup were Nathalie Menigon, 23, and Jean-Marc Rouillan, still running loose since 1974. The investigators believe that they are the two machine-gunners of ministries.

Does this roundup shed new light on the terrorist networks and their strategy? Who is conducting this ballet of explosions jumping from one city to another?

One looks for a gang, a structure, a clandestine conductor but one finds, to begin with, nothing but anarchists with vague theories, individualists whose political discourse, consisting of vague clichés, speaks of "the employers' empire," and "the system of repression through multinationals." There are clearer references to terrorist movements with political targets: the Basque ETA, or the IRA of northern Ireland. Occasionally, they would give a "political" justification for the hold-up NAPAP-style. Some NAPAP members have been found within the GARI: "We expropriate, i.e., we cause damages. . . "

One looks for commandoes but finds autonomists who are strongly allergic to any command. One looks for a terrorist international but finds a complex network of friendships and acquaintanceships, and action groups which overlap, disappear, and are reborn elsewhere, later.

One looks for accounting, for figures. However, it is likely that no one among the terrorists knows specifically how the stolen money is spent.

Tracks are found, but they are already cold. The reason for which the police are trying to find the framework of this international network is not because the framework is very secret or "super operational," but because it has few structures and little organization. However, the connivance networks remain, nevertheless, international, operating for quite some time through a system of "sleepers" and without real coordination.

Thus, in Lille and in the Var region, the Italian brigade members never revealed their true identity to the French anarchists, as was the case with Franco Pinna who gave his name as Scessi. They used the "logistics" of groups such as the GARI and used their complicity to find shelter. However, they retained a strict separation between them. This makes it difficult to determine the factual degree of collusion among Red Brigades, French anarchists, and elements of the GARI-Direct Action group. They were connected, but to what extent?

As to their actions, they are unpredictable and unexpected, divided between the political terrorism and occasional gansterism for purposes of holdups or robberies. Did you know, for example, that the theft of the famous painting "The Filcher" by Hieronimus Bosch, exhibited at

the Saint-Germain-en-Laye museum, committed in 1978, was a militant action? Yet, the three men who stole and then negotiated with the receivers of stolen goods the sale of the painting for one million francs wanted merely to fatten their "war chest."

When the painting was found by the inspectors of Commissioner Raguideau, in February 1979, they arrested Eric Moreau, 22, a member of the Comrads, a veteran of the GARI and the NAPAP. Witnesses identified the famous Jean-Marc Rouillan from photographs. . . . When a strange organization claims credit for a crime, it is frequently the work of a single dreamer: the Bonnot gang of the GARI or the NAPAP. Examples: In 1974 an outrage was committed against the Grevin Museum and was signed "Revolutionary Action Group, occasionally terrorist" (Garot); in 1975 an outrage was committed against the Navy Museum. It was signed "The Kronshtadt Sailors." An outrage was committed at the state Security Court. It was signed "Gallut" (the name of a judge trying a GARI case). The list of such cases is long. Bitterness and fear are felt by some investigators in addition to all this effort on the part of the police.

The bitterness is that some "clients" they have just detained regain after a short while their position in this dangerous hide-and-seek game. Such was the case with Jean-Marc Rouillan; such was the case of Annie Cuadrado, arrested with him, in 1974, with weapons, explosives, and forged papers, but who, five years later, was to lend her car to Pepe for the Conde holdup. Such was the case of Nathalie Menigon, arrested in 1978, and found in the present case.

The fear is that of noting that in 1977-1978 Italians appeared. They had no real strategic contacts but their presence was strongly felt; the fear is also in seeing that those who, 10 years ago, were considered the most dangerous elements, are rejected today by the "newcomers" who find them scared. The members of these "international contact networks" may not have the same targets. Nevertheless, they cooperate more frequently than in the past, as was the case with the Conde holdup, which involved the exchange of arms, hideouts, and links.

Maurice Bouvier, central director of the judiciary police, has noted that, "This roundup is not, as has been reported, the breakdown of the Direct Action network. Yes, it is a good operation. However, the 600 kilograms of explosives we seized are not the total amount in circulation. . . ."

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CSO: 3100

MARCHAIS CONDOLENCES TO YUGOSLAV PARTY PRESIDUM

LD081449 Paris L'HUMANITE in French 5 May 80 p 1

[Text of message from PCF Secretary General Marchais: "A Great Revolutionary of Our Time"]

[Text] Georges Marchais sent the following message to the Presidium of the League of Communists of Yugoslavia yesterday:

"Dear comrades,

"Josip Broz Tito has died. We are stunned.

"With him disappears a great revolutionary leader of our time, a champion of liberty, independence and the development of nations, and a head of state with great international authority. It is a loss for all mankind.

"Tito's name will remain associated with the Yugoslav people's struggle for independence and freedom, and for Yugoslavia's existence and progress. During the darkest hours of the Nazi occupation he spoke out to challenge slavery and barbarism. At the head of the patriots, resistance fighters and the Communist Party, he led the Yugoslav people's historic struggle to victory. He then directed their peaceful labor in the same firmly independent direction, achieving immense progress for a Yugoslavia which has become a country respected and heeded in the international arena.

"Tito's name will remain associated with the struggle to commit his country to an original and new path, in the building of a self-managing socialism consistent with Yugoslavia's traditions and realities and with the aspirations of its peoples. He achieved this having overcome the direst problems bequeathed by the war, by resisting the unjust censure and pressure of the Comintern movement, including from the PCF, and by refusing to yield to imperialism's entreaties.

"Tito's name will remain associated with the cause of independence, the peoples' sovereignty and peace. His tireless work in overcoming the division of the world into blocs played a decisive role in the birth and development of the nonaligned movement which expresses the peoples' aspirations

to resolve the problems of hunger, poverty, illiteracy and underdevelopment and to set up a new world economic and political order. He was one of the fathers of this movement and remained one of its prime movers until the final moments of his life.

"Last July I had the opportunity for a long talk with President Tito. I shall retain the memory of his lofty vision of world problems, of his unshakeable confidence in the peoples' progress and in mankind's future. This meeting testified to a joint desire to develop new relations of friendship and solidarity between our two parties, relations based on the respect of the independence, equal rights and orientations of each and on noninterference.

"Rest assured, dear comrades, that for my party and me, this joint decision is a commitment which we intend implementing.

"With your cruel bereavement in mind, I am anxious to express to you my keenest fraternal sentiments. On my own behalf as well as for the communists and working people of France, I assure you of our total sympathy and solidarity."

[Signed] Georges Marchais.

CSO: 3100

POLITICAL REALISM'S EFFECT ON NATION'S ENERGY PLAN

Paris LE NOUVEL ECONOMISTE in French 24 March 80 pp 40-43

[Article by Pierre Pean: "Oil: France Wants To Produce"]

[Text] Rises in oil prices, threats of scarcity are constraining. The virtues of liberalism are wiped out in the face of political realism. The new "French hydrocarbon program" reasserts the old principles of 1928: French companies must master a production equal to national consumption.

The hardest effort of this 7-year presidential period is an "energy redeployment" through general mobilization, with 1 billion francs a year to drill on French soil, 3 billion francs to drill abroad...In short, an all-around policy to lessen France's oil vulnerability. The 1973 embargo, the halting of Iranian deliveries, the tensions of last fall have all exposed the instability of our supply policies.

The government is bravely bearing up under the situation. It has rediscovered Gaullism in oil matters or quite simply the essence of the law of 1928, which gives the state excessive powers to guarantee France's independence in oil. But there is one difference: The priority goal is no longer to restrict the hold of the "majors" on French supplies, although suspicion toward them still exists. The two favored instruments of French policy are Elf-Aquitaine and Total. Andre Giraud, minister of industry, has even unearthed for them a goal abandoned "de facto" at the beginning of the 7-year period--to produce the equivalent of French consumption.

Since September, the Rue de Grenelle experts have labored to set up this "redemption," which they have expressed in three parts: An increased effort to conserve energy, an acceleration of the recourse to substitute other forms of energy, and building a new oil strategy. On 21 September, Giraud announced the "French hydrocarbon program," ratified on 10 January in the Central Planning Council, chaired by the president and in the Council of Ministers on 23 January.

After having been abandoned, the French subsoil came back into fashion because of the new OPEC prices. This effort will concentrate, above all, on abandoned areas, that is the borders of sedimentary basins, soil at depths of 5,000 to 6,000 meters and the sea. The Hydrocarbon Administration (DHYCA) hopes that between 1983-84, a deep sea well will be drilled. But to accomplish this, the machinery has to be built. Wells must also be drilled in the Kerguelen Islands, Saint-Pierre-et-Miquelon and in New Caledonia.

DHYCA is setting up new game rules to hasten French oil exploration. For example, DHYCA no longer believes in the virtues of the oil producers associations. Companies have neither the same interests nor the same ideas on geology. The decisions arrived at are always compromises that frustrate each of the partners. This is the case with the Irish Sea. "Five or six geologists around a table is like the Tower of Babel," says Jean-Marie Capron, Hydrocarbon administrator. The new licenses will join two companies at most. DHYCA also intends to simplify procedures for granting the licenses.

The recent discoveries in Aquitaine by Elf-Aquitaine and Esso are encouraging, and certain geologists are ready to bet on the odds for the Lorraine, la Manche and the coal-bearing basin of the north. Today, it is not fanciful to expect France to guarantee five percent of its oil supplies, which production would equal the deliveries of our fourth supplier, Abu Dhabi. Along with these traditional exploration efforts, the authorities want to facilitate the development of the "new petroleum," particularly heavy oils, schists and deep sea petroleum. This long term work implies new technology and a strong precision instruments industry, which is one of the major divisions of the government's new oil policies.

Vulnerability

Conserving, hastening nuclear, solar, carbon and geothermic programs..., feverishly excavating the French subsoil will, however, not prevent recourse to foreign oil. And it is there that the shoe pinches. The destabilization of the oil market makes the search for a good supply policy difficult.

A simple glance over the list of France's suppliers last year shows the extent of our vulnerability. A single country, Saudi Arabia, provides almost 36 percent of our needs, and more than half (55 percent) of our supplies come from two countries, Arabia and Iraq. Recent events in Mecca demonstrate that French policies carried out since 1974 are not without risk. After President Pompidou's death, France rapidly extricated itself from North Africa--above all, Algeria--to turn to a conservative "certain" country, Arabia, and a progressive country that was seeking to counter-balance its ties with Moscow, Iraq. We are far from the rule of "15 percent maximum per country" started in 1973.

Aware of this vulnerability, the government is knocking on all doors. Despite very great dependence on the Persian Gulf countries, France has

renewed for 3 years the "Jobert contract" with Arabia, which guarantees it 12 million tons a year, and it obtained an extension of 5 million tons last year from Iraq. Giscard d'Estaing's trip allowed us to consolidate our oil supplies from the Gulf and to obtain direct access to Kuwait's oil.

However, the Hydrocarbon Administration expects a disengagement from the Persian Gulf during the next decade. "It will be difficult to fall below 50-60 percent," states Capron. To achieve this goal, 40 to 50 million tons--that is 40 to 50 percent of French consumption in 1986-1990--will have to come from oil areas outside of the Gulf.

The authorities are releasing three axes for future supplies:

Africa, and particularly the Gulf of Guinea, including Gabon, the Congo, Cameroon and Nigeria as "certain security." Elf-Aquitaine is on good terms with all these countries. The French oil producers also are hopeful about Angola and even Libya. The French aim is to keep up oil production and to develop gas production.

Central and South America: The Ministry of Industry does not exclude an addition to the contract for 5 million tons a year negotiated at the end of 1978 with Mexico. But the "darling child" of the area is Venezuela, whose political behavior is highly valued in Paris. Albin Chalandon expects to mount an "attack" in Venezuela to work the heavy oil of the Orinoco.

Northern Europe, and especially Norway: For a year the DHYCA technocrats have been exchanging ideas with their counterparts in Oslo. "They are not in a hurry," Capron says. The publication of the Norwegian "White Book" has lifted certain obstacles: Production will be ceilinged at 90 million tons, which leaves about 50 million tons to divide among all the "candidates," France, the FRG and Italy particularly. But Elf deferred its development plans "sine die" had (sic) to know the new balance that will result from intensifying tax pressure on these companies, which was announced by the Norwegian Government.

To guarantee all these projects, the authorities have verified the participation of their two "instruments"--Elf-Aquitaine and Total, "to reach through their international operations a level of yearly resources in crude oil and natural gas at least equal to the national yearly consumption of these hydrocarbons during the next decade."

This goal is explained by the will to cover, in the event of a crisis, French needs by French production. This is a return to a "Gaullist" concept. Until the end of the 1960's, Elf and Total were producing the equivalent of French consumption. The nationalization of concessions, especially in Algeria, and the decrease during the last 5 years in exploration efforts have led to a rapid decline in the production of French industry (93.7 million tons in 1974; 68 million tons in 1979).

Today, the two French companies are optimistic again; luck and money are back, above all at Elf-Aquitaine. The company headed by Chalandon made about 30 discoveries last year that will allow it to release rapidly an extra production of 5 to 6 million tons a year (conservative estimate). The Elf-Aquitaine president aspires to a production goal on the "not too distant horizon" of 30 million tons a year (17.2 in 1979). The 12 billion francs of gross margin for self-financing achieved at the time of the last fiscal year make it possible to release 7 billion francs in investments, equally divided between exploration and development. To the 3.5 billion francs that will be spent by Elf-Aquitaine this year will be added the 1.3 billion francs from the CFP. The Total company, moreover, has changed its aims: from now on priority is being given to short term research, while expenditures in the Arctic and in the deep sea are to be brought back to smaller levels. The efforts of these two companies will have to increase again during the coming years to attain 5 billion francs regularly a year through the Eighth Plan.

A significant change in French oil policies was disclosed by Chalandon during his press conference last 24 January. "The important thing is to have oil available today," states Chalandon, former minister of equipment, emphasizing that security of supplies is more important than profitability. He now believes that profitable contracts which do not allow the operators to take much oil are less attractive than contracts with countries demanding difficult financial conditions but which allow larger quantities of oil. Completing his analysis, Chalandon says that access to oil is more certain when one produces it than when one buys it. The cost of this security must be counterbalanced by very rewarding operations below ground and the possibility of unrestrained diversification. "One can take for granted that we will develop what we have," he said to the reporters. The authorities back up this idea. "Elf-Aquitaine's priority remains oil. That is what is important," concludes the hydrocarbon administrator.

To support its security priority, the government is conducting an energetic oil diplomacy. After having preached united action among consumers (European and Western consumers in Tokyo in June) and among producers and consumers (North-South Conference), the French leaders, without being overly optimistic, are gambling on French-European-Arab dialog. They are trying to get out of a tight spot and they are hastening their bilateral "attacks."

We have to yield to the obvious. Oil is not an ordinary product. Its price and progress depend more on politics than on the market. The "liberals," therefore, engage in politics to get oil.

Table 1. France's Oil Dependence

1. Saudi Arabia	35.92%
2. Iraq	19.19%
3. Nigeria	7.73%

4.	Abu Dhabi	5.62%
5.	Iran	4.86%
6.	Algeria	4.04%
7.	Kuwait	3.88%
8.	Soviet Union	3.86%
9.	Libya	3.13%
10.	Qatar	3.03%
11.	United Kingdom	2.13%
12.	Syria	1.68%
13.	Norway	1.16%
14.	Dubai	1.12%
15.	Gabon	1.02%
16.	Venezuela	0.82%
17.	Indonesia	0.40%
18.	Tunisia	0.37%
19.	Oman/Mascat	0.03%
20.	Cameroon	0.02%

Table 2. Dependence on the Persian Gulf: 73.65%

Saudi Arabia	35.92%
Iraq	19.19%
Abu Dhabi	5.62%
Iran	4.86%
Kuwait	3.88%
Qatar	3.03%
Dubai	1.12%
Oman/Mascat	0.03%

Table 3. Dependence on the OPEC Countries: 90.56%

Saudi Arabia	35.92%
Iraq	19.19%
Nigeria	7.73%
Abu Dhabi	5.62%
Iran	4.86%
Algeria	4.04%
Kuwait	3.88%
Libya	3.13%
Qatar	3.03%
Dubai	1.12%
Gabon	1.02%
Venezuela	0.82%
Indonesia	0.40%

Table 4. Dependence on the Arab-Moslem Countries: 86.74%

Saudi Arabia	35.92%
Iraq	19.19%

Abu Dhabi	5.62%
Iran	4.86%
Algeria	4.04%
Kuwait	3.88%
Soviet Union	3.80%
Libya	3.13%
Qatar	3.03%
Syria	1.68%
Dubai	1.12%
Tunisia	0.37%
Oman/Muscat	0.03%

9545

CSO: 3100

NEW 155-MM TOWED ARTILLERY PIECE DETAILED

Paris DEFENSE INTERARMEES in French Apr 80 pp 19-25

[Article by G. Turbe: "The New French 155-mm Towed Gun"]



[Text] The 155-mm mounted gun in firing position.

[Text] The 155-mm mounted gun in firing position.

The need for a modern wheel-mounted gun arose in 1975, in the course of the reorganization of the French army, following the creation of new large motorized infantry units which could not use very sophisticated track materiel.

At that time there were two possible alternatives:

a) Use foreign materiel: Since the 1970's, several countries had been developing their own designs of a 155-mm towed piece: The FH-70 Tritartite (Anglo-German-Italian); the FH-77 Swedish; the M-198 American; and SOLTAM, Israel. There were plentiful choices.

b) Develop an entirely French-made gun. Whereas this solution offered the possibility to implement a system consistent with factual needs and insure good standardization with the 155-GCT and (an important factor) provide work to French enterprises, conversely, it risked delaying by several more years the artillery modernization process.

After studying the mentioned foreign pieces, the French army selected the principle of an original French-made gun. Naturally, this decision is not helping to improve the already rather low level of standardization of equipment in use by the Western forces. However, let us admit that, in this case, it was not France that was giving a bad example.

On the technical level, the new towed gun appears to be a satisfactory compromise between the simplicity and the mechanization of some operations, thus immediately assuming a position between the M-198 or SOLTAM, very primitive, on the one hand, and the FH-70 or the FH-77, very advanced, on the other.

In terms of delays, the development calendar is as follows:

- 1976: preliminary project;
- Beginning of 1977: initiation of the program;
- 27 February 1979: first firing;
- June 1979: demonstration to SATORY;
- End of 1980: prototype of the second version;
- 1982: adoption planned by the French Army;
- 1984: series manufacturing.

Assuming that this plan is followed, the manufacturer will be able to reduce by one-half the advance (of over six years) of the other programs. Naturally, the trials will unquestionably not be as extensive. However, let us not forget that French development has benefited from the experience of the development achieved abroad. Furthermore, the cannon will have the same ballistics and use the same munitions as the 155 GCT, already extensively tested.

Description of the Cannon

The 155 mm towed cannon consists of six main subassemblies: carriage, barrel, automated loading mechanism, counterrecoil mechanism, aiming mechanism, and thermic motor.

A comparison of the features and overall design would show that the French 155 mm towed gun resembles most the FH-70.

Weighing a total of 9.5 tons, 10 meters long in firing position, reduceable to 8.50 meters in firing position (gun lashed to the trails), maximum width of 2.93 meters, and a 0.35 meter ground guard in road position, the new gun holds an intermediary position among the other models (see Table 1).

Table 1.

	155 Towed	BF 50	FH-70	FH-77	M-198	SOLTAM 39 cal. gun
Total weight	9.5 t	8.5 t	8.8 t	11 t	7 t	9.2 t
Length						
- firing position	10 m	7.15 m	12.43 m	11 m	11 m	7.5 m
- road position	8.50 m	7.80 m	9.45 m	11.6 m	12.3 m	approx
Maximum width	2.93 m	2.61 m	2.59 m	2.65 m	2.8 m	2.58m
Height in	2.6 m	2.50 m	2.56 m	2.75 m	2.9 m	2m
road position	approx.					

a) The gun carriage, twin-trail type, consists of a lower bed on which are mounted the trails, the propulsion unit, the main bogie, and the aiming mechanism linked to it with roller bearings. This makes possible the 180 degree turn of the upper bed, bringing the barrel above the trails when in a road position.

The trails are equipped with retractable auxiliary wheels which facilitate lateral movements when the gun is placed in position or when it recoils.

In a firing position, the wheels are raised and the barrel rests on a support bed which absorbs the recoil stress.

b) The barrel system consists of the barrel and the breechblock.

The grooved muzzle (48 grooves slanted at 8.36 degrees, clockwise, NATO profile), 155 mm in diameter, 40 calibers long, with a double deflection muzzle brake. The maximum impulse is 56,000 N.

The breechblock is horizontal, with a metallic stopper, and an automatic loading system with fuses.

c) As a result of the substantial spreading of the units on the battlefield, the fast rate of operations, and the substantial reduction in the number of operational guns in the mechanized armed forces, today it has become very difficult to achieve sufficient fire power concentration. In order to obtain the same results without extending the time of intervention, a number of countries, France included, have decided to automate loading operations. This makes it possible to double or triple the rate of fire, particularly in the first several minutes which, in most cases, are the most decisive.

In terms of the towed 155 mm gun, a hydraulic mechanism usable at all aiming angles automates the loading of the shell from a resting position loaded manually: The manual loading of the cartridge is done by a member of the crew.

The system allows a high fire rate (3 shots in 15 seconds or 6 shots per minute), very similar to the most advanced guns (see Table 2). However, this depends on the training of the crew; furthermore, it lowers the strain on the crew and makes it possible to carry out the operation with a steady pressure on the forcing cone, which guarantees good initial speed control.

The gun has an angle of elevation ranging from -5 degrees to 66 degrees and a fire range reaching in azimuth 65 degrees (27 degrees to the left and 38 degrees to the right); the sighting is hydraulic, of the "tank turret" type, with a single control for rough and precise sighting.

In a firing position the gun allows for a 10 degree list whatever its direction.

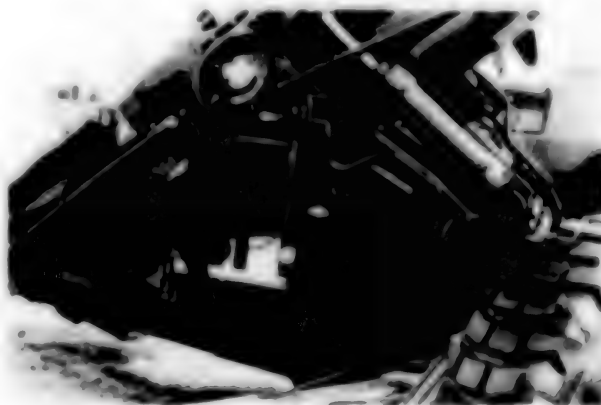
In a traveling position, the barrel assumes a 180 degree position and is lashed to the trails which makes it possible to reduce the total length of the tow.

d) The counterrecoil mechanism is a conventional hydropneumatic system with recoil brakes, a recuperator cylinder and two stabilizers filled with nitrogen, with the tube sliding into a cradle.

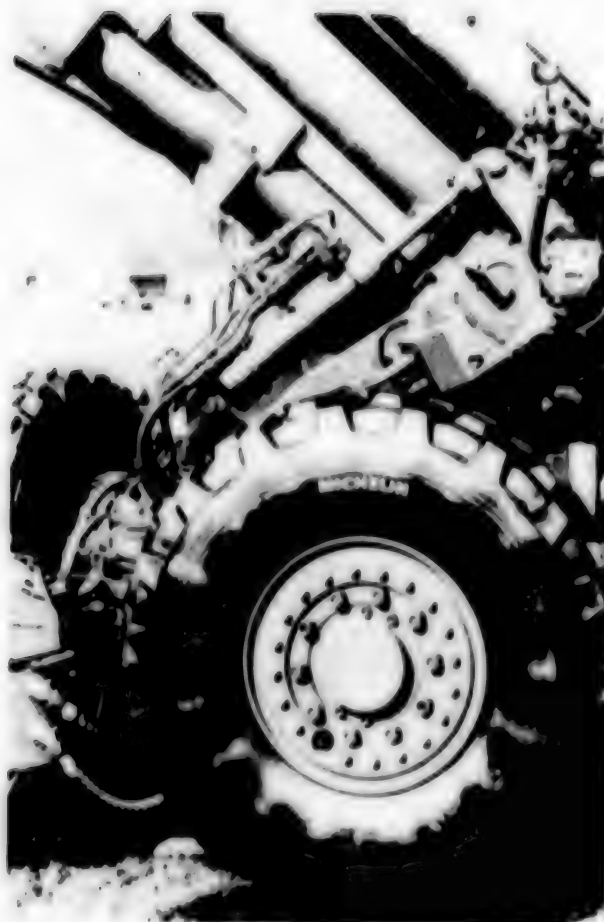
e) The aiming mechanism is also conventional. It consists of a panoramic goniometer which makes possible the indirect sighting. It is linked with a straight fire telescope for close defense. The former is on the left, in front of the gunner's place whereas the latter is above the barrel.

Table 2

	Fire Rate		Aiming Angles	
	Fast	Sustained	In Position	On a bed
155 towed	3 shots in 15 seconds 6 shots per minute for 2 minutes	120 shots per hour	-5° to +66°	65°
155 BF 50	3 shots per minute	1 shot per minute	-4° to +69°	80°
PH 70	3 shots in 15-20 seconds 6-8 shots per minute	120 shots per hour	-5.5° to +70°	27.5°
PH 77	3 shots in 8 seconds or 6 shots in 20-25 seconds	[sic] for 20 minutes	-3° to +50°	30°
M 198	4 shots per minute	2 shots per min. for 3 min. and 1 shot per minute subsequently	-4° to +70°	22°
SOLTAM	4-5 shots per minute	2 shots per min.	-3° to +52°	180°



Right side of the breechblock with barrel.



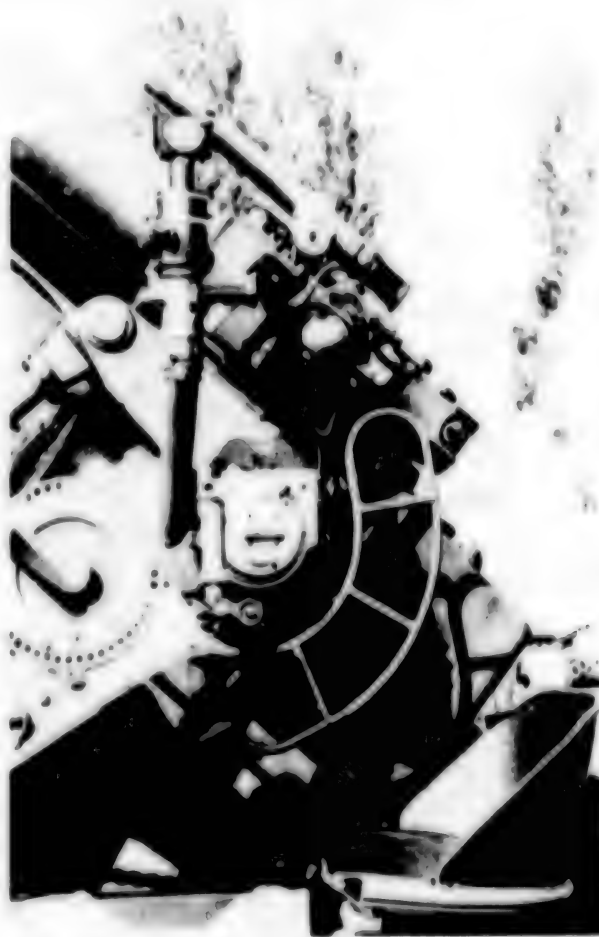
The hydraulic system connected with the thermic motor

f) The 32 hp thermic motor, air-cooled, powers three independent hydraulic pumps, one for each drive wheel and a third for the mechanisms (aiming, suspension, jacks of the truck-wheels of the trails, shell loading mechanism). The system is placed within a container in front of the seat.

The pressure difference independently reaching the motor, adapted to each wheel (reduction gear in the bogie arm) and a single control make possible the steering of the gun in a straight line or in a turn.

Utilization

Let us cite among the advantages offered by the various powered operations the substantially reduced number of crew men. Whereas a conventional towed gun requires a crew of at least about 10 people (BF 50 or M-198: 11 men), 5 to 6 men would be sufficient to operate an automated gun (such as the FH-77).



The gunner's seat with sighting equipment

In the case of the French cannon, whose mechanization covers some of the operations, the crew consists of one chief gunner, one tractor driver, one gunner, two artificers, and three loaders.

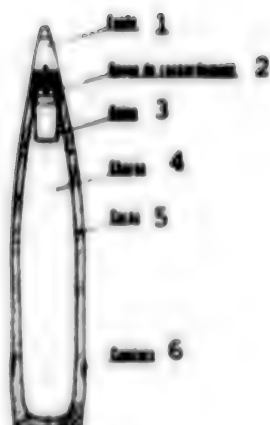
The positioning operations, all hydraulically assisted, begin with the turning of the barrel in a firing position and the raising of the wheels with the help of suspension jacks. This is followed by the spacing of the trails also mounted on jacks. Blades (three for each rail) immobilize the trails on the ground for the firing.

The folding of the piece is achieved in the inverse order. It is speeded up thanks to the jacks supporting the trail truck wheels which make the simple and fast removal of the blades possible.

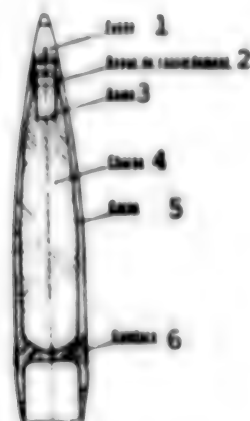
With a trained crew returning a gun to a firing position takes less than five minutes. Deactivating the gun takes no more than two minutes. Without matching the possibilities of the FH-77 (two minutes would be sufficient for two men to put a gun into firing position in a rugged

terrain), nevertheless, this is a net progress, bearing in mind that according to the terrain it took no less than 10 to 15 minutes for a 155 BF 50 howitzer to be put into firing position and 10 to 45 minutes for its deactivation.

Finally, let us note the hydraulic battery which lowers the time of intervention and, eventually, insures firing continuity, since the stored energy makes it possible to fire several shots before the thermic motor has become operational.



OE 155-56



OE 155 F1

- | | |
|---------------|--------------------|
| Key: 1. Fuse | 4. Bursting charge |
| 2. Delay ring | 5. Body |
| 3. Casing | 6. Rotary band |

Ammunition

The 155 mm L 40 cannon has the internal ballistic characteristics of the NATO 155 mm general support cannon.

Therefore, its chamber has been designed in such a way as to fire all the French 155 mm munitions (high-explosive shells, smoke shell projectile, illuminating projectile 56/69), or foreign shells (high-explosive, smoke shells, illuminating shells of the US M-107 type),

currently in use or undergoing development, including the combustible casing of the 155 GCT cannon.

Nevertheless, the basic ammunition is the following:

- The French 155 mm shell with an empty bottom (155 Cr TA 68);
- A cartridge (new explosives system being developed);
- The firing tube DM 191 A1.

The 155 mm shell with empty bottom is a high explosion shell whose performance has been improved compared with the 155 conventional projectiles and whose single block forged steel casing is with an empty bottom.

It weighs 43.25 kilograms with the fuse (fuses PDM 51; MTSQ M 500, and proximity fuse FuRAF 1). It contains 8.35 kilograms of hexogenetolite explosive (19.3 percent effectiveness).

The initial velocity ranges from 300 meters per second to 810 meters per second. The use of split casings makes the modulation of the propulsion charge easy.

With the interplay between the two parameters--power of the charge and aiming--the fire range is between 2.5 and 24 kilometers (new cartridge, basic ammunition) or 20 kilometers (F3 cartridge, charge 9b).

According to the French method, the surface of the terminal effectiveness of the shell on unprotected personnel is 400 square meters in percussion fire (standing troops) and 410 square meters in time-fuse fire (troops on the ground) with a 45 degree fall angle. It is superior by 50 percent compared with the US M-107.

In indirect anti-armor fire, the shrapnels cause multiple perforations on light armor (15 mm steel at zero incidence), at a distance of 15 meters from the point of bursting, with the possibility for perforation of the same vehicle at up to 25 meters from the bursting point.

Characteristics of other French munitions usable with the 155 mm towed gun:

a) The high explosion shell Model 56:

- Total weight: 43.75 kg--explosive charge 8.6 kg; efficiency: 19.6 percent;
- Charge: hexogene--tolite;

- Fuse: similar to the empty bottom shell;
- Surface effectiveness (45 degree fall angle): 390 square meters in percussion fire on men standing; 400 square meter in time-fuse fire, men lying;
- Normal use pressure: 2,650 bars;
- Initial velocity: 760 meters per second maximum;
- Maximum range: 21.3 kilometers.

b) Smoke-incendiary shells with F1 phosphorus (flat bottom) or F2 (hollow bottom):

- Total weight: 44.25 kg (F1) or 43.75 kg (F2);
- Phosphorus: 8.24 kg (F1) or 7.6 kg (F2);
- Fuse: Fui 56;
- Normal use pressure: 2,650 bars (F1) or 2,900 bars (F2);
- Camouflage time: three minutes;
- Maximum effectiveness: between one and two minutes;
- Width of the cloud: about 200 meters.

c) The illuminating shell with double release and double rotation braking:

- Total weight: 43.75 kg;
- Fuse: MTSQ M-501;
- Normal use pressure: 2,650 bars;
- Lighting time: 100 seconds;
- Light intensity: 800,000 candles;
- Descent speed: five meters per second.

Note: The ranges and initial velocities of smoke and illuminating shells are the same as the high explosion shell Model 56.

In the future, undoubtedly, the gun will be supplied with the 155 mm shells currently under study, particularly those with improved range. In the latter case the additional propulsion will enter into action after a specific time delay of some 20 seconds. The maximum range will exceed 30 kilometers. Conversely, the payload will be reduced by about 40 percent compared with conventional or hollow bottom projectiles.

The initial munitions supply of the piece will be five complete shots which equals, theoretically, 25 minutes of sustained fire of 120 shots per hour, or else the possibility for a certain number of fast rate of fire interventions (16-17 volleys of 15 seconds each, or eight two-minute interventions before resupplying becomes necessary).

a) Complete towing system:

The French army has chosen the GBD 6 x 6 truck to tow the new cannon, adapted for transportation of the crew and the initial 50 complete rounds and other equipment.

The complete towing system is 16.5 meters long. It has an average road speed of 50 kilometers per hour but may reach 80 kilometers per hour on a downslope (respectively 30 kilometers and 45 kilometers per hour for the 155 BF 50 towed by a Berliet 6 x 6 GBU 15 truck). On the road it can cover 600 kilometers without refueling and can go up a 40 percent slope maximum.

The characteristics of the basic truck built in large series by the Renault Vehicules Industriels Company, are the following:

- Total dimensions: 7.87 meters long, 2.48 meters wide, 2.96 meters high;
- Wheel base: 3,800 meters + 1,400 meters;
- Towable load: 10 tons;
- Attack angle: 45 degrees;
- Angle of retreat: 50 degrees;
- Depth of water crossing: one meter;
- Six cylinder diesel engine supercharged with a 300 hp turbocompressor;
- Transmission synchronized six forward gears and one reverse; two-speed power takeoff;
- Front axle: planet-gear reduction in the hub;

- Steering: hydraulically assisted;
- Rolling system: six wheels, all engaged (tires 14.00 x 20);
- Good mobility in rugged terrain.

b) Autonomous Moving Ability:

The thermic motor has a hydrostatic transmission. It provides the necessary power for the cannon to be able to move by itself and cover a few dozen meters to take up a battery position, following its separation from the towing vehicle or, conversely, after leaving the battery.

On a flat surface its speed does not exceed four to five kilometers per hour. However, it could go through obstacles equivalent to a 60 percent slope. Furthermore, it can go through one meter deep ruts without preparation and 1.20 meters with preparation with a schnorkel.

This ability to move without a towing vehicle is important, for it not only speeds up the operations in the deployment and withdrawal operations but enables the piece to be positioned in places so far inaccessible to heavy towed pieces.

Utilization by the Units

The "report on the programming of military expenditures and equipment of the armed forces for 1977-1982," approved by the Council of Ministers on 5 May 1976, stipulated the ordering of 100 155 mm towed cannons, new model and the delivery of 20 of them by the end of 1982.

Looking at the development schedule (1982: adoption by the French army; 1984: series production), we would note that deliveries will have a two-year delay at best.

Initially, the towed 155 mm gun will be supplied, on a priority basis to the Eighth, 12th, 14th and 15th Infantry Divisions, replacing the 155 BF 50 howitzer which will be the weapon of virtually all general reserve regiments.

The artillery regiments, equipped with new materiel, will adopt the quaternary structure which is quite widespread currently in the French Army.

Like the other conventional ground-to-ground artillery units, equipped with the 155 mm AU F1 self-propelling cannon, the regiments of the infantry divisions will consist of a command and service battery, and four six-cannon batteries (for greater details see the general article on the French artillery in this issue).

Conclusion

The 155 mm towed cannon of the GIAT is characterized, as we have seen, by quite adequate performance, handling simplicity, robust structure, and relatively low cost. It will also contribute to increasing the firepower and providing a proper standardization level for corps artillery.

Conversely, the question arises whether the needs of the French ground forces which, after all, remain limited, truly justify the implementation, with a delay of several years, of a program of this size. In other words, would it not have been preferable to use materiel already ordered in larger quantities: the FH 70 (558 pieces for the FRG, Great Britain, and Italy) or the M-198 (717 pieces for the US army)?

Had it been a question of the French army alone, we would not have hesitated to answer in the affirmative. However, we must bear in mind the marketing possibilities which, in this case, seem to be quite promising.

Indeed, a number of countries use guns and howitzers whose design and manufacturing go back to World War II (the 155 mm M-1 and M-114, the 105 mm M-101, American, and the British 25 pounder). Among the customers let us name Saudi Arabia, Argentina, Austria, Denmark, Spain, Greece, India, Morocco, Norway, Pakistan, Switzerland, Turkey, as well as Australia, Belgium, China, Tunisia. . . .

It is still too early to determine objectively the real worth of the materiel. However, should the quality-price ratio be as favorable as is claimed by the manufacturer, the towed 155 mm gun may become a very good export item.

Technical Specifications of the 155 mm Towed Gun

1) General characteristics:

Crew: Eight men, including the chief gunner and the driver of the towing vehicle.

Maximum length in traveling position:

8.50 meters (barrel lashed on the trails)

Maximum length in firing position..... 10 meters

Maximum width in traveling position:..... 2.93 meters

Ground shield in traveling position:..... 0.35 meters

Time for battery placement..... 5 minutes

Hydraulically assisted operation

Withdrawal time..... 2 minutes

Hydraulic suspension for the delivery of the shells.

2) Barrel characteristics:

155 meter cannon--40 calibers--48 grooves at 8.36 degrees, clockwise

Maximum impulse..... 56,000 N.

Pivoting mass..... 5,000 kilograms

Oscillating mass..... 4,350 kilograms

Recoiling mass..... 3,200 kilograms

Horizontal wedge breechblock with metal breech-plug and automatic loading mechanism in firing tube. Hydraulic mechanism for the loading of the projectiles.

Hydraulic sights:

-5 degrees to + 66 degrees lying on the ground
27 degrees left and 38 degrees right lateral deflection

Admissible angle: 10 degrees in any direction.

Ballistic identical to the 155 GCT.

Basic ammunition: French shell with hollow bottom.

Range: 24 kilometers with French shell with a hollow bottom and a new cartridge.

Possible use of the combustible casing of the 155 mm GCT and all standard NATO modern ammunitions.

Fire rate: 3 shots in 15 seconds
6 shots per minute for 2 minutes
120 shots per hour;

Initial supply: 50 complete rounds carried by the tow truck.

3) Locomotion:

Hydrostatic transmission powered by a 32 hp air-cooled thermic motor.

Maximum speed: 4-5 km , hour which allows the self-propelling of the gun for a few dozen meters between the towing vehicle and the battery position.

Slope climbing: 60 percent.

Water crossing: one meter without preparation and 1.20 meters with preparation.

Complete Tow Assembly

Towing vehicle: all-terrain truck GBD 6x6 with a 300 hp motor.

Length of complete assembly: 16.5 meters.

Maximum road speed: 80 km per hour.

Average road speed: 50 km per hour.

Distance without refueling: 600 km.

Slope grade: 40 percent.

5157

CSO: 3100

'HOLES' IN NATION'S COMPUTER TECHNOLOGY EXAMINED

Paris L'USINE NOUVELLE in French 27 May 80 pp 92-95, 97-99

[Article by Claude Amalric: "Integrated Circuits: the 'Holes' in the French Program"]

[Text] Only Fr 600 million invested in 5 years, an industry with "nonexistent" equipment, and soon perhaps a silicon shortage; nevertheless the quality of our research justifies all the hard work.

After anxious years, during which the French project for integrated circuits searched for a means of implementation, we can be pleased with the research and production facilities which have just been constructed. The first results are good, even if late.

However, we should not rejoice too quickly. Serious questions remain unanswered, particularly the long term effectiveness, and of which the figures simply remind us: Fr 600 million over 5 years. That is equal to the Japanese effort in this area during 1 year! The Americans, who are already first, presently receive \$200 million for the VLSI [Very Large Scale Integration] project. As if that were not enough, France is starting with a heavy handicap of industrial inexperience, which agreements with Motorola and Harris would not entirely overcome, and a deplorable market image to conquer.

In addition, the French "plan" has a few more gaping holes. On paper, the factory already has its premises, part of its personnel, and knows almost everything about what it must produce. It only lacks machines. Neither is a supply of raw materials guaranteed, although it is claimed that one day logical integrated circuits will be sold to the United States and Japan: is not profitability required by the plan? But commercial obstacles must be expected. They could include the difficulty of acquiring the best machinery, which is reserved for the Japanese and American circuit makers, whatever is said about it officially. The problem in a nutshell is the necessity for independence and the money which that requires.

Raw Materials: Will There be a Silicon Shortage?

Silicon is necessary to the manufacture of integrated circuits and the great majority of semiconductor components (transistors, thyristors, diodes). The most common natural material, it is sometimes said. Very wrongly, for it is far from the sand of Fontainebleau to a wafer of "electronic" silicon which most circuit manufacturers buy from rare specialists. There are about 10 at most. Wacker of Germany is the world leader, producing a third of the total polycrystalline silicon, which must be recrystallized to obtain a monocrystalline ingot to cut into wafers (loss: 50 percent at sawing and 30 percent more when the wafer is polished). The American Dow Corning Hemlock is the second supplier of "poly" with a quarter of the total production. Two other well known names are Monsanto and the Italian Smiel-Montedison. Japan has at least one manufacturer of polycrystalline, and doubtless several more. As is suspected, there is not one in France.

Consumption Will be Higher Than Production After August 1980

The total capacity of world production, which was 2,675 tons in 1979, will increase 10 percent per year until the beginning of 1983, at which time units now being built will be operational. Consumption is now 2,300 tons per year. At a rate of increase of 3 percent per year, it will surpass production during this year (26 percent expected). According to Daniel J Rose, recognized expert in this field, this will happen in August. He gave his estimates during the Institute for Semiconductor Materials and Equipment seminar held last January at Newport Beach (California).

It has been expected for a long time, but this well supported statement has nevertheless fallen like a guillotine blade. So much so that if things get worse it is believed that photovoltaic production would come to a halt, which is in fact probable during the two years concerned. In other ways the matter would become very serious, for at least 3 years are necessary to construct a silicon refinery, whatever financial effort is approved. Given these conditions, why have the silicon manufacturers not invested earlier? "Because they were not certain of a continued demand, and especially because they feared the substitution of a non-silicon or amorphous silicon substrate for solar cells, which are the largest potential consumers of silicon.

Another factor is the price of polycrystalline. Presently \$65 per kilo, it is not profitable enough for manufacturers who are reluctant to invest as long as the kilo is under \$100.

One can imagine management's agitation and the battle plans which are being drawn up at the integrated circuit manufacturers. In fact, among the three largest, only National Semiconductor (affiliate of Saint-Gobain) will be affected. Texas Instruments, number one in the world, is not concerned: it produces its own silicon. Complete autonomy! Motorola (EFCIS-Thompson) also would produce two-thirds of its needs. As for IBM, it admits nothing, but would be very hard hit.

A Polycrystalline Factory in France?

What do French scientific and industrial experts think about this? Surprise: few find the question worthwhile. "This is not the first time the menace has threatened," states one. "A theoretical case; and besides Wacker is European," says another. "All the same, you would not want a silicon factory built in France?" jokes a third. At CNET [National Center for Telecommunications Studies] they are less sure of the future. "Silicon? In France it is the great deficiency. I am a little worried," says Michel Camus, director of the new Grenoble center. He is not talking about his own case: CNET manufactures only for itself, from 500 to 1,000 wafers per month. An industrial manufacturer normally uses from 20,000 to 30,000 wafers per month, as is the case for Ebanches SA in Switzerland, but who makes circuits only for clock and watch making. At what price and with what delays will EFCIS-Thomson, Matra-Harris, Eurotechnique, and others have to supply themselves? Even if the price of the material counts little in the cost of the completed circuit, it is still a matter of availability, facing a competition which is up to three-fourths independent. A polycrystalline factory in France? The idea is not so ridiculous.

In any case, it will not be Crismatec, as one would have thought. This affiliate of Rhone-Poulenc-AEC [Atomic Energy Commission] will make garnets for memory cells, which is not so easy. But if there is a shortage of "poly" in the coming years, it must be bought, in spite of everything.

Production: The Machines, Weak Link in the Plan

Although opinions differ about the usefulness of producing silicon, the consensus is much larger when the question of equipment is raised. "Of the Fr 450 million in investments necessary for EFCIS to increase its business volume from Fr 30 to Fr 500 million, almost 70 percent is allotted for importing foreign equipment," states Edouard Laviron, industrial relations authority at Leti. "It is even more regrettable that we are headed toward 'integrated' manufacturing procedures; that is, extreme automation. Instead of subcontracting circuit mounting operations in countries with low salaries, jobs could be created by making the machines which we now import, and indeed exporting them in turn." Is this realistic? Edouard Laviron brings out a few sheets of paper: "Here is an example of an etching machine which uses plasma. Its advantage is very high precision (0.1 micron) which is required for the memory cells and high integration circuits (VLSI)."

A Sample Case: The Photorepeater of Wafers

He adds: "It works in the cold. This is important to avoid warping the wafers, a cause for rejection. At an average price of Fr 0.45 million, the machine's market should increase from Fr 120 to Fr 380 million between this year and 1986 at a rate of about 20 percent per year, and one machine lasts 5 years!" Who could build it? A mastery of vacuum techniques, high frequency generators, automation, and precision mechanics, is primarily necessary. A technical dossier with patent is available at AEC, which would help the interested industrialist.

Edouard Laviron also describes machines for working silicon. An example is an ion implanter, with which Leti has 15 years experience, while the competition remains to be seen (3 foreigners are expected). Then he reviews about 10 machines and their markets. There frequently is no competition yet. Such is the case for the mounting equipment for the integrated circuits: to mount the silicon chips on the base plate, and then to connect the pads of the chips to the package leads, perhaps automatically. Machines of this type have been in operation at IBM Corbeil for at least 2 years.

The wafer photorepeater is an example of other important equipment. It is an indispensable machine for series manufacture of VLSI. The exposure of the wafer's photoresist is done here by optical reduction of the image mask, which is five or ten times larger than a "flea" (several hundred are contained in one wafer). An average installation should have at least four photorepeaters, at Fr 2 million each. "At this time the delivery period is 18 months. It is going to get longer because everyone needs them and the only two manufacturers are American."

Up to 18 Months of Delay

The importance of these materials doubtless escapes no one. Also DGRST [General Delegation for Scientific and Technical Research] long ago financed study contracts in this field with sometimes brilliant results. An example is the goals reached by Cero in optical microlithography, which increased the resolution of the photorepeater from 1.6 to 1.2 microns. This accomplishment interests the two Americans mentioned, as well as IBM, Philips, and Cameca, an affiliate of Thomson, which is going to make a photorepeater and a high speed masker, more equipment of the future.

Cameca, a company with 200 experts on large scientific equipment, is not enthusiastic about this decision. "We are tackling a market which has been called that of the century, but which in reality will be extremely difficult by the time we are ready, practically at the same time as many others. Waiting 18 months for delivery has brought many companies into the business. Canon, Zeiss, and Philips, for example, are companies for which optics, automation, and mechanics have few secrets. Moreover, their reputations proceed them throughout the world, which is the only foreseeable market."

Next, Mr Sarfati, president-general director of Cameca, has a few misgivings. "The situation for rapid maskers is no better: this machine will cost from Fr 8 to Fr 10 million. A dozen competitors are making preparations. However, some claim today that this type of machine will never be profitable. The fact is, if one totals the circuit production of 80 machines per year, which is the estimated market, it reaches the billions!"

"Suicidal" Investments

"It's a bottomless pit," he adds, "for the investments are enormous and must be continued! And for an unsubsidized PHI [expansion unknown], it's

surely suicidal!" In spite of its pessimism, Cameca is working and believes in its chances, based on the quality of the equipment developed.

For the moment, the necessary machines for the detailed layout of integrated circuits are the weakest link in the French scheme. For in case of commercial difficulties, national industries would be the first served by machinery manufacturers; first served with machines even more than with raw materials. That has already been seen.

French VLSI: High Level Research

Research which will further French production of high integration circuits is extensive and spread throughout all the research organizations. The largest research group is GCIS (Group for Silicon Integrated Circuits), combining CNRS (National Center for Scientific Research), Leti and soon CNET Grenoble, being about 30 laboratories which otherwise would be isolated.

The purpose is clear: reduce the technological gap between French industries and those of Japan or the United States. "The gap? It is not so great as is said," points out Michel Camus. Detailed conversations with the most advanced scientists has strengthened Michel Camus in this opinion. He also refers to the opinion of an American expert who recently reassured him on the subject.

At Leti, there is a great preoccupation with research's industrial application. And for good reason: "It is only after having received 30 percent of the cost of a study from an industry that we can ask AEC for the remaining 50 percent," says Mr Cordelle, director of Leti. This incentive policy has borne its fruits, namely, various components and electrolytic adhesion at Jaeger, magnetic cells (currently) at Sagem, instrumentation, etc. Concerning integrated circuits, it is enough to remember that EPCIS was first a study group for MOS [metal oxide silicon] circuits at Leti. Considering all the interest in this technology, and considering that there was no industry interested in supporting this study, we felt it was impossible just to abandon it. The crew concerned was first installed in a corner of Leti, and then in its own facilities," remembers Max Verdone, scientific official and one of Leti's founders. It is well known what the offshoot has become.

Presently, the MEA (applied microelectronics) laboratory at Leti is primarily studying VLSI from the aspect of fundamental techniques; those which must be mastered, whatever the technology used. The studies are designated materials research: doping, etching, oxidation and deposits, masking, and MOS transistor modelization. It is a vast program; but those are the six key factors for VLSI's success. Although during manufacture the finest engraving details on the silicon are from 4 to 8 microns and EPCIS is now perfecting HMOS [high speed MOS] technology to reach 3 to 4 microns in 1980, Leti is working on fundamental techniques to give a micron, or less. "We are on the way to defining a 1 to 1.5 micron technology," says Rene Staderini, head of the MEA laboratory. "In fact, that implies the mastery of a fraction of a micron. Within the year a structure from 0.1 to 0.3 microns will be tested with the cooperation of CNRS."

Thus the Grenoble region is in a good position to become the "silicon valley" of France. In addition to the 35 people remaining at the Leti VLSI laboratory (about 40 scientists were recently transferred to EPCIS), CNET [National Center for Telecommunications Studies] is going to gradually bring its work force up to 200 scientists. There seems to be good understanding between these centers. "Why would we work in areas where Leti and other laboratories have their strong points? Modeling is a case in point. Inversely, we are putting our means, especially in CAO [expansion unknown], at their disposal," says Michel Camus. He points out that a computer center at his establishment will be compatible with that of EPCIS.

A Large Computing Capability is Necessary

CNET Grenoble's own research is also ambitious. "Circuits are evolving towards microsystems. So mastering the architecture is as important as knowing how to produce. Specialization of a circuit computer by programming it for a specific function seems to be a good route to follow."

In fact the design of such a circuit requires a large computing capability. Michel Camus hopes to organize a large data base, which would relieve the computer the most. At a rate of 15 minutes per transistor, it is in fact not possible to foresee the million transistors per circuit predicted for 1985.

CNET is going to begin manufacturing circuits on a 4 micron technology, which it is mastering. CNET will be installed in its completely new facilities towards the end of the year, and this production reserved to the administration will begin in early 1981. Some transfers to private industry are expected, especially for the processor circuits under study.

The chosen production techniques are very modern. There is a "cold" method, perfected by a very good team started by a former member of Bell Laboratories; automation is being emphasized, from which there are some foreseeable spinoffs.

The CNRS Laboratory for Automation at Toulouse (LAAS) is among those which explore deepest the field of future components. Its adjunct director, Daniel Esteve, is also co-director of the administration of GCIS programs. Also, a real desire to see the current work applied industrially is noticeable at LAAS.

One of the most promising VLSI studies seems to be MISS (metal, insulation, silicon, silicon). Theoretically easy to produce, suitable at very small size, it is suited to obtaining optically or electronically alterable memory. The value of this research is recognized by "rival" companies.

"We have a certain advantage here, but we lack means and are afraid of losing it," states Jean Buxo, head of this study at LAAS.

"What was Necessary for Credibility"

EPCIS, with Thomson-CSF and AEC, is establishing its financing, research units, and especially production facilities, in which a HMOS technology (3 to 4 microns) will be used starting in 1981. It will be followed in 1982 by HMOS-2 (2 to 3 microns), and then by HMOS-3 which is presently under study. HMOS-3 should reach the micron level in production. "We have been considering it for a long time; today we are at the same level as our partner Motorola," says Paul Mirat, president of EPCIS.

What about the CMOS [complementary MOS] on sapphire, EPCIS's specialty? (It seems they did not know how to mass produce it.) The assembly line is in motion at this moment, for CMOS on sapphire is still an excellent solution, when it can not be avoided!"

The head offices, the state, and its own funds have furnished EPCIS Fr 670 million between 1978 and 1982. "What was necessary for credibility," concludes Paul Mirat.

Rapid Circuits: RTC is Still All Alone

VLSI is the expected royal road to mass production. The primary factor in information processing is speed. The power of the most complex "microprocessor" doubtless will not exceed more than 32 bits. Presently the average microprocessor operates on several times less than this number. They must go very much faster. Hence the development of specialized circuits, consuming much, but which cycle in a few nanoseconds.

Only RTC produces such circuits in France. The Caen factory of this company of the Philips group sells two families of high speed logic (ECL 10K and 100K) and analog circuits compatible with them. One finds the same situation as in TTL [transistor-transistor logic]: beginning with elementary gates, the families are increased up to specialized function, to memories, and from there to the level of programmable arrays (FPLA). The level of integration of these last circuits is 600 gates. 1000 is predicted.

Josephson Effect: Certainty of the Future

Research on high speed circuits follows several routes. A simple photographic reduction of known cells is going to gain 20 percent in memory integration and access time. At RTC this will be designated "Subio:" 0.7 nanosecond. "In a few months," specifies Mr Fertin, scientific authority from the Caen factory. The "ring-relay" circuits could go to .5 nanosecond per gate ("but using 1 or 2 watts!") or integrate up to 300 gates per square millimeter by losing a little on speed. That is the route chosen by Texas for its STL, announced in December 1979.

"One can also foresee self aligning technologies almost doubling the gate density, and thus halving the propagation time." Its industrialization is expected by 1982.

Many researchers believe the future of circuits is in the Josephson effect. Should it so happen, this would be the opportunity for Leti to create a new subsidiary company.

SYNDICALIST MOVEMENT REPORTED IN TROUBLE

Athens TO VIMA in Greek 27 Apr 80 p 5

[Article by Vas. Tsannetakos]

May Day this year finds the syndicalist movement at a stage of retrogression, confirming as it has almost every year in the past, the total isolation of today's government-sponsored syndicalism, and at the same time not contributing truly to the restoration of some--even relative--unity among the forces comprising the opposition.

The organizing of an opposition-sponsored committee which was to put together a program for the celebration of May Day, not within the channels of the "legitimate" syndicalist agencies (the Athens Workers Center) was done on a "makeshift basis" as well as on the basis of the "necessity" to counter the government's syndicalistic movement, but without any foundation for long-term serious cooperation among the opposition forces (Panhellenic Militant Workers Trade Union Movement [PASKE], the United Anti-Dictatorial Movement-Cooperating Forces [ESAK-S], and Anti-Dictatorial Labor Front [ADP]).

The cooperation among these forces has received many blows "from within" in the last few months and especially at a time when unity has been necessary, even from a theoretical point of view. The increasing severity of the problems facing the workers, the government's income and syndicalist policy, the inertia and subversive role of the Greek General Confederation of Labor [GSEE], have found the opposition in a state of fierce infighting (ed. note: this refers primarily to PASKE and ESAK-S) and the syndicalist movement in general in a condition of contraction.

The reasons the syndicalist movement is in such a condition can be found in the intense rivalry which has broken out--even with violent confrontations as occurred last week at the meeting of the construction workers--between the two major forces (PASKE and ESAK-S) which comprise today's opposition to the government-sponsored syndicalism.

In spite of occasional election coalitions--in a few instances only--between these two organizations, the difference in views, assessments

and objectives is so great that it does not allow the forging of a common front capable of playing the role of an effective "counterforce" to the GSEE, with elementary prospects for success or even elementary credibility. On the contrary, the rivalry has become even more acrimonious whenever the two forces have wanted each to gain for itself control over trade-union organizations and the exchange of recriminations has reminded one of the fights between the government-sponsored GSEE and the united--at that time--opposition. At the same time, the government-sponsored syndicalism has begun to exploit to its own advantage the mutual recriminations of the opposition and the ESK-S "policies" and to appear as the "defender" of democratic and syndicalist freedoms and rights--although to win control in the provincial conferences of workers centers it used the same anti-democratic methods for which it "castigated" ESK-S.

Obstacles to Unity

The stage of transition evident now in the country's political life--with the decline of the New Democracy and the increasing influence of the Panhellenic Socialist Movement [PASOK]--considerably hinders any serious effort to achieve unity in the ranks of the opposition syndicalist movement. PASOK--with prospects of coming to power--has been particularly "reluctant" to cooperate, also because of the fear that it may be outflanked in the syndicalist movement by the better organized and allegedly more "ruthless" KKK. For this reason, the "experiment" of the Cooperating Militant Worker-Employee Organizations [SADEO] failed, and the effects of this failure will heavily burden the syndicalist movement, in spite of efforts by those "responsible" to sugar-coat the failure and to shift blame from one side to the other and vice versa.

This column had noted very early the "inherent difficulties" in forming SADEO and the strong rivalry between the two basic partners (PASOK and ESK-S), as well as the real (political) reasons which led with mathematical certainty to the disintegration and dissolution of the coalition, to the great "happiness" of the government-sponsored syndicalists.

Recently, however, the responsible officials have been advancing a "theory" regarding the reasons which led to the demise of SADEO. Up to a point this theory bears out the points made by this column with regard to the causes for the "wreck" and the targets and prospects of the two "partners." The recriminations hurled by each side as to who is responsible for the decline of the syndicalist movement which opposes the government-sponsored GSEE reaffirm the "political difficulties" which hinder the cooperation of the two principal organizations (PASOK and ESK-S) while at the same time giving the GSEE--and by extension the government--many arguments in support of its claim that our syndicalism is marred by "partisan control." Regardless of the "elements of responsibility" each side has for the dissolution of SADEO, it is a fact that the "autopsy" currently conducted of the entire episode raises many questions among the workers and in any event does not help the credibility of the various groups nor does it

help the long-term prospects for serious cooperation between them. The "cooperation" achieved now with the creation of a SADEO-type "Committee of Trade Unions" for the celebration of May Day is the product of "necessity" in order to prevent the government-sponsored syndicalists from taking over the initiative for organizing the festivities and in order to have some "show of strength" to "shore up" the morale of the working masses which are always left out of the "arrangements" which are made on their behalf by the syndicalist (and political) summit.

The "Champions of Democracy"

These "arrangements" give the government and GSEE the right to speak of partisan and political interference and to portray themselves as the "champions" of the movement's independence. This is because the Right uses a permanent argument that it does not "politicize" the workers' movement because presumably they want it "uncommitted" and "independent." On the basis of this "philosophy" the Right from time to time unleashes attacks on the opposition accusing them of wanting to use the movement for partisan and political objectives. Although this governmental claim is not entirely baseless, it is nevertheless hypocritical because the government, having control of the machinery and (usually material) possibilities [for influence], is the prime "exponent" of "partisan syndicalism."

The Opposition

The preceding analysis does not absolve the opposition of its own responsibility because with its ill-advised actions, to say the least, it provides the government and GSEE with many excuses to "discover" the "politization" [of the trade unions].

On the other hand, the government-sponsored syndicalism as expressed by GSEE takes advantage of the opposition's disunity and shows remarkable zeal in undermining the unity of the syndicalist movement (e.g., unjustifiable and arbitrary expulsion of locals from the provincial workers centers) while at the same time it is entirely absent from any effort to identify even the most elementary worker problems and demands. Its "activity" in this regard is limited to meetings with government officials on "price control" measures to protect the workers' income. The related "initiatives" it presumably undertook in this direction remained at the level of pompous announcements only to be forgotten even by those who initiated the talks. ESAK-S, following the decline of SADEO, initiated "price control" mobilizations with the slogan "end the high cost of living," etc. without serious prospects for success and probably having as its only target a show of activity at a time when the movement was going through a slow period.

In any event, the GSEE inaction is not unrelated to the dissensions which beset the opposition, as well as to the expected political developments.

The "leading group" of GSEE has now adopted a "wait and see" attitude, waiting to see how the country's political setup will develop so that it can adjust accordingly.

PASKE's "disengagement" from SADEU, which leading members of PASKE have called "a lion's den" (ostensible cooperation with ESAK-3), has encouraged GSEE's "leading group" to hope that it can play a role in syndicalist developments in connection with the rise of a new party [PASOK] to power.

The "leading group" of GSEE believes that the "legitimate" syndicalist representation of PASOK (PASKE) is "weak" and "incapable" of taking a serious role in the context of GSEE, and aspires to gain PASOK's support or at least acceptance when PASOK comes to power.

This because the "leading group" of the GSEE raises a "technical" problem PASOK will have to face [when it comes to power] in order to change the directorate of the GSEE (following the "tradition" which calls for "cooperation" between the government and the syndicalist "leadership"). The term of office of the present "junta-government" directorate will end in 1983. The international conventions do not allow direct government intervention--legislative or administrative or other measures--to bring about the GSEE changes desired by the government. Such an action would objectively bring about international reactions, as it did at the time of the Center [Union] government [in 1964]. The GSEE general secretary, who was "adversely affected" by the Center Union government's legislative measures, appealed to the International Labor Organization, having as his "attorney" the present minister of labor and accusing the government of interfering with syndicalism. In the end the proceedings did not come to a decision against Greece only because in the meantime the Center government had resigned and the [GSEE] general secretary had reached a "compromise" with the minister of labor who as minister in the Center Union government had drafted the "controversial" legislation.

With the "given" of the international obligations and complexities, the GSEE "leading group" is rather confident that they will keep their posts even in the case of a governmental change, even if they are obligated to call a congress since the electoral process will continue to be under their control.

The rift between PASOK and KKE in the syndicalist sector encourages the "optimism" of the "leading group" with regard to their continuing to play a role in the government-sponsored syndicalism. For this reason they spread the "argument" that PASOK as the government will face strong "pressures" from the "traditional" Left and that, in view of the "inexperience" of the PASKE cadres and their inability to face those pressures in the syndicalist sector, PASOK will have to rely on the "experienced" cadres of the "leading group" of GSEE in order to maintain control of the situation at the highest level.

The "Scenario"

The "scenario" which the "leading group" of the GSEE has put together--they already say whisperingly that "they are not prepared to share the fortunes of the declining New Democracy [Party]..."--provides for the entry into the directorate of GSEE of cadres representing the views or influenced by PASOK-PASKE. (The increase of the positions in the GSEE Directorate by 10, from 35 to 45, is provided to take place next September according to the GSEE charter.) The timing for convening the GSEE General Council to elect the 10 new members will be determined by the course of the political developments. With the entry of the 10 new members--always according to the GSEE scenario--there will be some "balance" in the directorate, safeguarding the "interests" of a PASOK government since today at times the juntists and the "hard-liners" of the New Democracy Party have the upper hand. In other words, the "leading group" of the GSEE is trying to confront PASOK with this dilemma: "Either you recognize us and 'strengthen' us with the 10, or you risk having a junto-rightist GSEE when you come to power..." Of course, this scenario has been prepared in the event PASOK comes to power. The "alternative solution" of the GSEE "leading group" includes the preservation of the present correlation of forces, in the event a governmental change by next fall is primarily in the form of a change of persons or tendencies, not of parties. In such a case, the only "change" in GSEE will be limited to the selection of the 10 new members of the General Directorate and the possible reshuffling of the Presidium and of the Executive Committee when, and if, the present minister of labor no longer maintains that post and his present influence on the country's syndicalist affairs.

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BANK OF GREECE GOVERNOR REPORTS ON ECONOMY

Athens 1 VRADYNI in Greek 2 May 80 pp 9, 14

[Text] At the Bank of Greece stockholders' meeting 2 days ago, its Governor X. Zolotas gave a report on the bank's [1979] activities and analyzed the economy's development. Zolotas said, in part:

1. RESULTS OF THE 1979 FINANCIAL YEAR

Gentlemen:

The bank's 1979 gross income reached 7,394,452,921 drachmas and the expenditures including liquidations and anticipated payables totaled 3,813,910,858 drachmas. The net profit, therefore, was 3,580,542,063 drachmas.

According to article 71 of the [bank's] charter, 128,357,712 drachmas of the net profits will be used to pay the first dividend installment which represents 12 percent of the paid stock capital. Since the regular reserved funds are equal to the bank's stock capital, the Board of Directors has decided and is recommending to this general meeting to pay, in accordance with the same article, an additional dividend of 126,320,288 drachmas. We propose, that is, that of the total profits, 254,678,000 drachmas be distributed as dividends. According to this proposal the dividend per share will be 500 drachmas compared to 440 drachmas the previous year.

Article 71 of the charter provides also that after the additional dividend is paid the remainder of the profits be paid to the state as part of its share in the bank's profits. For the year 1979 this amount is 3,325,864,063.

In 1979 the bank's total gross income, less the payable interest, increased by 1,618,460,558 drachmas or 28 percent compared to the 1978 income. This increase represents the interest derived from investing the bank's available funds in foreign exchange as well as the interest from the bank's loans to business and private customers.

The bank's total operational expenditures increased by 390,914,753 drachmas or 11.4 percent compared to 1978. Specifically, the expenditures for salaries, pensions and contributions to the insurance funds increased by 338,324,466 drachmas or 11.9 percent. This increase is due to the general payroll increases to the bank's employees and to increases as a result of promotions and higher salaries.

II. DEVELOPMENTS AND PROBLEMS OF THE GREEK ECONOMY

1. General Economic Developments

In 1979 the progress of the Greek economy was influenced to a large extent by the latest energy crisis, acceleration of inflation and the slackening of the rate of increase of income in OECD countries with which Greece has close economic ties. These unfavorable international economic developments coincided with a difficult phase of the Greek economy during which the emphasis of the economic policy concentrated on slowing down inflation. Under these unfavorable conditions abroad, which to a large extent were unanticipated, the weakening of the anti-inflationary policy was unavoidable and as a result the government's economic goals for 1979 could not be achieved. On the contrary, there was a serious acceleration of inflation, a deterioration in the balance of payments and a deceleration in the rate of increase of the domestic gross income.

On the basis of the latest available data, the 1979 increase of the gross national product in standard prices is estimated at 3.9 percent compared to 5.9 percent in 1978. Despite this drop, the 1979 rise in the gross national product should be considered satisfactory under the new economic conditions that developed following the rise in oil prices and compares favorably with an average percentage increase of 3.1 percent in EEC countries. At the same time, employment was maintained at high levels while the number of unemployed in many OECD countries was high or even increased. Specifically, the total number of unemployed in these countries (except Turkey) reached 16.5 million persons in the second half of 1979.

The decline in the rate of growth of the gross domestic product in 1979 is in part due to special factors. It is estimated that the agricultural income in standard prices dropped by 5 percent following the return to normal levels of the per stremma yields which had shown a sharp rise in 1978 as a result of the then exceptionally favorable weather conditions while in 1979 certain cultivations sustained damages as a result of natural disasters. The decline in the rate of growth of the gross domestic product is also due to a large extent to the large price increase of oil products and raw materials which affected the real incomes and the domestic demand as well as to the gradual turn to a more restrained economic policy than was originally decided after the symptoms of the new energy crisis and its unfavorable impact on the domestic price levels and the balance of payments. The macro-economic impact of the energy crisis and of the restrained fiscal, monetary and income policy of 1979 is reflected in the

deceleration of the rate of increase of the actual available private income and of private consumption. More specifically, it is estimated that the private consumption increase in standard prices was 2.5 percent in 1979 compared to 5.4 percent in 1978. On the other hand, mainly because of the large increase in the volume of imports (by about 6 percent between 1978 and 1979), the external sector had a considerable decreasing effect on the real gross domestic income by about 0.8 percent of the percentage points in 1979 compared to an increasing effect by about 1 percentage point in 1978. At the same time, the deterioration in the terms of trade by 5 percent between January and November 1978 and the corresponding 1979 11-month period--a deterioration which is mainly due to the rise in oil prices--had restraining effects on the domestic demand and the economic activity.

Under these conditions, the decline in 1979 in the rate of increase of the gross national product in comparison to 1978 and the target originally set by the government was unavoidable. Unfortunately the unfavorable international conditions continue to exist this year also and to influence to a significant degree the progress of the Greek economy--especially the economic activity, the balance of payments and the domestic price levels. A further slackening of the gross national product rate of increase is anticipated in 1980 which, however, is unavoidable under the current economic international and domestic conditions if the need is taken into consideration to continue implementing the restraining economic policy for controlling inflation and for protecting the balance of payments.

In 1979 inflation marked an upsurge. The consumer price index increased by 24.8 percent in 1979 while at average levels this increase was 19 percent. On the other hand, the non-inflationary factor of the national product showed an increase of 18.5 percent in 1979 compared to 13 percent in 1978. These increases are much greater than the targets the government had set and, as aforementioned, are due to special factors.

Specifically, it is estimated that the price increase for oil products has contributed directly or indirectly by about 5.3 percentage points to the rise of the consumer price index, while 3 other percentage points of the consumer price index rise are due to the gradual implementation of the government plan for the normalization of the prices of certain farm equipment and products by abolishing the subsidies which burdened the budget with a considerable amount of money and contributed to the increase of the public deficit. It should be noted that the gradual elimination of the subsidies as well as the readjustment of the prices of goods and services offered by public enterprises--though contributing to the price index rise--actually constitute reforming measures since they limit the public debt thus offsetting a basic source of inflationary pressures. On the other hand, the cleansing of the livestock products sector is also a precondition for strengthening livestock production. Finally, the price increase in the international market of many raw materials, foods and semi-processed products has contributed to the increase of inflation.

It is clear, therefore, that the inflation increase in 1979 as well as the widening of the balance of payments gap are due to a large extent to foreign factors which could not be anticipated and much less be neutralized. At the same time, however, the developments in the price levels and the balance of payments are to a considerable extent the result of inflationary pressures which piled up in the economic system in the years immediately before 1979 as a result of the enormous increases in public expenditures (especially consumer), credits extended to the private sector of the economy, money supply, and the money incomes (wages and salaries, profits, farm incomes) beyond the yield point of the Greek economy. In a speech last September at the inauguration of the Salonica Trade Fair, the premier pointed out so characteristically that "inflation is due to both external and internal factors. The external factors are the increase in the price of oil and raw materials while the internal ones have to do with the excessive increase in credits and public expenditures and especially in incomes which increased twice as much as the price index. It was natural that all these factors would lead to the overheating of our economy and, through it, to the growth of inflation."

Already, since the summer of 1978 the economic policy has begun to follow a gradual restraining direction. The new energy crisis and the serious impact it had on the domestic price levels and the balance of payments, dictated the taking of additional restrictive measures during the second half of 1979 which finally affected the domestic demand but also the imports in an indirect way. The restrictive economic policy is manifested in the fiscal and monetary policy as well as the income policy. Last August it was decided to cut down and curb public expenditures (investment and consumer). In the context of this policy, it was also decided to halt personnel hiring by the state and by other public or state-controlled agencies. It was further decided to increase significantly the interest rates on both the deposits and the loans and to take additional measures for a stricter control of bank liquidity. Finally, in the area of income policy it was decided to defer any pay readjustment until the end of 1979.

The 1980 general state budget (regular and investments) enacted by the Chamber of Deputies last December may also be considered as being relatively restrictive even though it continues to show deficit (the deficit of the general state budget is due exclusively to the public investments program, while the regular budget remains balanced) and as limiting the margins for meeting the capital needs of the private sector of the economy especially after the decrease in the inflow rate of private deposits in the country's banks. The state budget's anti-inflationary effect is manifested in the fact that the rate of increase of the public consumer expenditures are less by about 2.5 percentage points than the anticipated average inflation rate for 1980, while an absolute decrease of the state budget (by 6.3 billion drachmas) has been scheduled.

On the other hand, the Monetary Commission has defined, through the monetary policy it approved, a rate for credit expansion in the private sector less

than the scheduled corresponding inflation rate. Specifically, the rate for credit expansion in the private sector is 13 percent (compared to a corresponding increase of 19 percent in 1979). This means that the monetary policy, too, has become more restrictive. The responsible implementation of this policy is expected to reduce gradually the liquidity of the economy and to check the inflationary pressures which have been crowding the economic system in recent years.

Finally, implementation of the restrictive income policy the government has approved will slow down the increasing rate of the money incomes (wages, salaries, profits, etc.) to within consistent limits. The objective of such implementation is to decrease inflation in 1980, to gradually stabilize the economy and to protect the country's balance of payments.

The fiscal, monetary-credit and income policies being implemented are expected to decrease inflation. In conjunction, however, with the macro-economic impact of the oil evaluation they are expected to bring about a further deceleration of the rising rate of the economic activity and of the national income in 1980. On the basis of extant facts, the increase in the gross national product will be much limited in 1980, but the country is not expected to face serious unemployment problems. The monetary authorities will aim at responsibly implementing the monetary-credit policy defined in the 1980 monetary program. At the same time, however, they will be carefully watching the impact the monetary and, more generally, the implemented economic policy will have on the development of the private sector of the economy and they intend to intervene on time if, during the implementation of this policy, they observe economic reactions which would portend a more serious economic slackening. It is pointed out, anyway, that for the moment no such danger has come into sight. In the present economic climate the consumer expenditures and the investments whose incentive is to check inflation continue to move at relatively high levels with the result that, under the present international and domestic conditions, a relatively satisfactory level of economic activity and employment is being maintained.

2. Monetary and Credit Policy

As mentioned earlier, the main objective of the 1980 monetary policy is to restrict the rate of increase of the currency circulation and of the credits at levels smaller than the anticipated increase of the monetary gross national product. Thus, the objective of the monetary policy will be to contribute to the slowdown of inflation and to keep the balance of payments deficit at such levels that its financing will not meet with difficulties.

It is pointed out, however, that a serious problem which has become more acute in recent months is the slowdown in the flow rate of private deposits in the country's banks, a fact which renders difficult even the smallest total credit expansion of the public and private sector as has been

scheduled for 1980 through saving resources. The decrease of deposits in banks must be partly attributed to cyclical factors, that is, to the decrease of the percent saving in the gross national product, a decrease which occurs at a time when the rising rate of the economy experiences slackening. But the major cause may be sought in the high inflation and the inflationary expectations prevailing in the economy, expectations which increase the propensity to consume (especially the rush to buy durable consumer goods) and the preference of the public for real earning assets.

Since last year the monetary policy is relying to a greater extent on the interest rate policy. An important step in this direction is last June's decision to increase the interest rates of bank loans by 1 percentage point as well as last September's decision to also increase interest rates on both loans and deposits by 3-4 percentage points. This increase of the interest rates exercised restrictive influence on credits by private enterprises and limited, during the last 1979 months, the deviation of the credit expansion by commercial banks to the private sector of the economy from the corresponding goal as defined by the 1979 monetary program. The slackening of the increase rate of credits during the last months of 1979 is also due to the tight liquidity position the commercial banks faced as a result of the slower increase rate of private deposits and of the stricter currency controls by the monetary authorities, on the one hand by imposing high interest rate penalties on over-withdrawals by commercial banks from the Bank of Greece through their current accounts, and on the other hand by increasing the compulsory bank investments in public interest-bearing bonds. In the end, however, the total 1979 credits to the private sector reached 19 percent and were 4 percentage points smaller than the increase of the monetary gross national product. The deviation from the objective of the monetary program was 2 percentage points while in the immediately previous years the deviations between the defined goals and those attained were much higher. On the other hand, the circulation of bank notes moved nearly within the limits set by the monetary program.

On the other hand, the increase of the interest rate on deposits did not prove sufficient to reestablish a high rate of private deposits in banks. The increase rate of private deposits showed a limited upturn during the early period following the increase of interest rates. Subsequently, however, there was a new slowdown which continued and became more acute during the first months of this year. As a result there were difficulties encountered in strengthening even the considerably smaller credit expansion provided by the 1980 monetary program without exceeding the goals set for increasing the currency circulation and for the balance of payments deficit. But it should be noted that the unfavorable development of bank deposits in the early months of this year seems to have been influenced to a considerable degree by the prolonged strike of the banking system personnel.

It is the intention of the monetary authorities to go ahead--when the overall economic conditions allow it--with the liberation of the interest

rates on the loans by banks so that their level and structure will reflect the market conditions while the choice for granting loans by the banks should be made with austere bank criteria.

3. Fiscal Policy

The aggregate loan needs of the public sector (which includes the general state budget, the public accounts not included in the budget, the public organisations and the public enterprises) are expected to increase this year to an absolute sum. On the contrary, they are expected to decrease as a percentage of the gross national product. In absolute figures, these needs are anticipated to reach 93 billion drachmas (compared to 89 billion drachmas in 1979) and as a percentage of the gross national product to 5.2 percent (compared to 6.1 in 1979). The loan needs of the public enterprises will be significantly higher (27 billion drachmas compared to 15.8 billion drachmas in 1979) mainly because of the increased investment programs of the Public Power Corporation. On the contrary, the 1980 aggregate cash deficit of the Central Administration (including also the increase in the debit balance of the accounts for the management of farm products and equipment) is estimated at 81 billion drachmas (compared to 91 billion drachmas in 1979) or at 4.6 percent of the gross national product (compared to 6.2 in 1979).

On the basis of the above data, it is ascertained that the state budget will be improved, that the improvement will be substantial if one takes into consideration the fact that the 1980 deficit is affected in an increasing way by cyclical factors, that is, by the deceleration of the rising rate of the economy. This deceleration also has a corresponding impact on the income from taxation. On the other hand, one should take into consideration the fact that certain measures taken to stabilize the economy and to protect the balance of payments have hurt some categories of expenditures or transactions which are subject to higher taxation (circulation duties and car contributions, real estate transfer tax, etc.).

4. Balance of Payments Problems

In 1979 the balance of payments marked considerable deterioration which is reflected in the increase of the current trade deficit to 2,277 million dollars from 1,250 million dollars in 1978. This widening of the gap in the current trade balance is due to the additional burdening by 813 million dollars or by 89 percent of the balance of payments for the import of fuels following the increase in the price of crude oil during 1979. On the basis of the crude oil prices prevailing at the end of March, it is estimated that the balance of payments will be additionally burdened by about 700 million dollars for importing fuels. The fuel imports represented 22.3 percent of the total expenditures for imports of goods in 1979 and it is anticipated that in 1980 this percentage will reach 25.7 percent compared to 16.4 percent in 1978 and to 10.3 percent in 1973. In absolute figures, it is estimated that the cost of imported fuels for domestic consumption (imports of fuels, export of oil products) increased from 974

million dollars in 1978 to 1,786 million dollars in 1979. For 1980 it is estimated that the figure will reach 2,500 million dollars.

This rise in the crude oil price, therefore, is the main cause for the deterioration of the balance of payments in 1979 and will continue to burden it considerably this year and perhaps during the next few years. But besides the increase in the crude oil price the 1979 balance of payments worsening is also due in large part to the increase of inflationary pressures and anticipations in the country, an increase which contributed to the high increase rate of the cost for imports of other goods besides fuels and which reached 1,720 million dollars in 1979 or a percentage of 28 percent compared to 1978. This represents a very high rate of increase in a period when there was significant slowdown in the rising rate of the gross domestic product in standard prices and which can be attributed, in part, to the increase of international prices (especially those of raw materials and foods). However, to a great extent it is also due to imports during 1979 for stockpiling or for satisfying the demand for certain durable consumer goods for reasons which should be attributed to the intensive inflation pressures and anticipations that year.

On the other hand, the 1979 foreign exchange receipts from exports of goods and invisible resources marked a high increase rate (31.1 percent compared to 27.6 correspondingly) despite the fact that the rising rate of the economic activity abroad had abated. The developments in the exports and the invisible resources of the country indicate the dynamism and the competitive ability of the Greek economy.

Finally, the net private capital inflow increased in 1979 (it reached 16,686 ^[sic] 1,686 million dollars compared to 1,412 ^[sic] million dollars) and covered 74 percent of the current trade deficit without any difficulties. If, moreover, one considers also the amortization payments then the increase in the public foreign debt did not exceed 200 million dollars in 1979.

The increase in the price of crude oil and other imported products is reflected in the commerce conditions changing for the worse by 5 percent between the 1978 January-November 11-month period and the corresponding 1979 period. It should be noted that once the special reasons which led to the great rise of imports last year begin to slacken, it is expected that the increase of the exchange expenditures for imports during the year will slacken. On the other hand, the prospects for the development of exports of goods and services continue to be relatively favorable despite the stagnation of the economy that is looming in the OECD countries to which most of our exports go.

III. ECONOMIC DEVELOPMENTS DURING 1979

A. Economic Activity

1. Production and National Income

In 1979 the rising rate of the economy marked a substantial slowdown in almost all productive branches. The farm production decreased mainly because of the unfavorable weather conditions, while the real income in other branches--except construction--showed smaller rising rates due to the slowdown in the rising rate of the demand which is linked to the slow rise of the available incomes, the implemented anti-inflationary policy and the greater outflow abroad of the economy's spending. At prices of production factors, the gross domestic product increased by 3.6 percent and the gross national product by 3.9 percent compared to 5.9 percent in 1978. The real farm product decreased by 5 percent compared to an increase of 7 percent in 1978. The income in the economy's secondary sector increased by 5.6 percent (6.4 percent in 1978) and especially in manufacturing by 5.2 percent (6.6 percent in 1978). The service sector showed an increase of 4.6 percent (5.3 percent in 1978). In 1979 the development rate was again higher than the average rate in EEC countries (3.1 percent) but the difference between them decreased in comparison to past years.

2. The Cost of Economy

In 1979 the gross cost of the economy increased by 4.3 percent compared to 5.1 percent in 1978. The curbing of the upward movement derived from the smaller increase of the private consumption and public investments. The public consumption and the private enterprises increased at a slightly faster rate. But since the increase of the total expenditures was greater than that of the Gross National Product, the external deficit of the economy, as estimated by the National Accounts, expanded.

The total consumption increased by 2.9 percent compared to 5.1 percent in 1978. Since the rising rate of the national product was faster (3.9 percent) the consumption-national product ratio improved while it does not seem that the same is true for the ratio between the private economy and the available private income. The slackening of the consumption expenditures was caused by the private consumption whose rising rate dropped to half of that in 1978 (1979: 2.5 percent; 1978: 5.4 percent) while the public consumption increased by 4.3 percent compared to 3.5 in 1978. The formation of the fixed capital was slightly greater in 1979 (4.9 percent compared to 4.7 percent in 1978) as a result of the faster rise in private investments (1979: 4.8 percent; 1978: 4.7 percent). This rise resulted from the revival in manufacturing investments while the rising rate of investments in housing showed considerable slowdown (1979: 8.1 percent; 1978: 13.8 percent).

In 1979 the increase in public investments was smaller (5.3 percent compared to 6.3 percent in 1978) due to the reduction of public expenditures in general within the context of the followed anti-inflationary policy. A noteworthy exception was the substantially greater increase of investments in the energy sector (1979: 29.3 percent; 1978: 6.8 percent), a fact which is due to the intensive efforts being exerted for the development of the domestic energy sources.

3. Agricultural Output

Following the substantial increase in 1978 (6.2 percent), the gross value of agricultural production at standard prices dropped in 1979 by about 3.5 percent as it did in 1977. The reappearance of the annual agricultural production fluctuations which reflect corresponding weather changes does not seem to be unrelated to the stagnation in investments and the relevant delay in bringing about the necessary structural changes and organizational improvements in this sector. These factors would give greater strength to the cultivations for coping with the impact from weather conditions. The vegetable production decreased by 6.2 percent. This decrease was caused by the drop in production in the annual cultivations--especially in cereals, except maize--as well as in tree (orchard) cultivations and is mainly due to the drop in per strema yields and secondly to the restriction of the cultivated areas. Livestock production continued to show a slow rise.

In 1979 significant progress was made in preparing Greek agriculture for its smooth entry into EEC. Among the most important measures or actions taken was the enactment of a new law concerning the farm cooperatives and the preparation of special programs for regional development.

4. Industrial Production

Industrial production continued to increase at a steady rate almost throughout 1979. But the last 2 months there has been an abrupt slackening which is considered to be a manifestation of the delayed adjustment in the industrial adjustment to the slowdown of the domestic and external demand.

The annual rate of rise in both the overall industrial production and the processing production was 6.1 percent in 1979 compared to 7.5 percent and 7.6 percent in 1978 [and 1977] correspondingly. The textile industry contributed to a greater extent to the increase in the manufacturing production. It was followed by the industries producing oil and coal derivatives, nonmetallic ores, beverages, wearing apparel and footwear and basic metals.

The production of electricity increased by 5.2 percent compared to 11.8 percent in 1978 and mining production increased by 7.2 percent compared to a drop of 2.7 percent in 1978. The smaller increase in the production of electricity compared to 1978 mainly reflects the changes in the structure of the industrial energy consumption because of the slower production increase in the electricity consuming branches (aluminum, ferronickel). Mine production showed an upturn which is due to the increase of the external demand especially in magnesite and bauxite.

5. Employment

Employment in the non-farming sectors of the economy continued to increase in 1979 even though at a lower rate than in 1978. There are indications

that since the second half of 1979 the employment level marked a substantial slowdown. In any case, according to available data which cover the 1979 January-September period, the percentage unemployment was smaller than 2 percent.

B. Wages and Prices

1. Work Pay

It is estimated that in 1979 the average nominal compensation of the wage and salary earners in the economy's urban sector increased by 18.7 percent compared to 21.7 percent in 1978. The limitation of the increase percentage of the nominal compensation in 1979 coincided with an important acceleration of the rising rate of the consumer prices which rate averaged 19 percent compared to 12.5 in 1978. Thus, for the first time since 1974, the nominal compensation increased at about the same rate that the prices increased with the result that the purchasing power of the earnings of the workers and employees did not show an increase.

2. Price Developments

The acceleration of the inflation rate was the main feature of the Greek economy's developments in 1979. According to the National Statistical Service index, the rise of consumer prices during the year reached 24.8 percent compared to 11.5 in 1978 while the average price level showed an increase of 19 percent compared to an increase of 12.5 percent in 1978 and to an average increase of 12.8 percent during the 1975-1978 4-year period.

The reactivation of inflation in 1979 was not, of course, an exclusively Greek phenomenon. In this respect, it is mentioned that the average increase of consumer prices in all OECD countries approached 10 percent compared to a corresponding increase of 7.7 percent in 1978 while in the EEC countries the rise reached 9 percent compared to 5.9 percent in 1978.

C. Monetary and Credit Developments

1. Changes in the Economy's Liquidity

The monetary expansion showed restraint in 1979 compared to the previous year. The increase rates of the basic monetary areas (that is, the currency circulation and the money supply) developed to levels smaller by 5 to 6 percentage points than those in 1978. Specifically, the increase rate of the supply demand which includes the currency circulation and the demand deposits dropped to 16.4 percent from 22.2 percent in 1978. A slowdown was also noted in the two components of the money supply but it was higher in the sight deposits.

2. Bank Financing

The total bank financing of the economy increased in 1979 by 135,862 million drachmas or 20.4 percent compared to an increase by 130,665 million drachmas or 23.8 percent in 1978. This restraint of the total credit expansion is due exclusively to the slowdown of rise of credits to the private sector which in 1979 increased at a rate of 19 percent compared to 24.4 percent the previous year. In greater detail, the increase rate of the short-term credits was limited to 15.5 percent in 1979 compared to 24.6 percent in 1978 while the long-term loans for financing investments increased at about the same rate (23.8 percent) as the previous year. On the other hand, the financing of the public enterprises and of the public organizations by the country's banks has marked in 1979 also a much higher increase compared to the previous year (1979: 30.7 percent; 1978: 20.3 percent).

D. Fiscal Developments

In 1979 the expenditures of the state budget finally reached 377,800 million drachmas compared to 384,800 million drachmas originally anticipated and to 299,897 million drachmas in 1978. They were, that is, 26 percent higher compared to 17.9 percent the previous year. Specifically, the outlays for salaries and pensions increased by 25.1 percent--at a rate, that is, slightly lower than the previous year (26.6 percent). The full implementation of the uniform payroll for public employees has contributed to this increase. Following the increase in interest rates, the cost for servicing the public debt showed considerable increase as did the subsidizing expenditures following the payment of 9,400 million drachmas for covering the deficit of the consumer goods account. On the other hand, the state program of public investments cost 64,300 million drachmas. They increased, in other words, by 24.5 percent compared to 14.8 in 1978.

The state budget income reached 316,400 million drachmas in 1979 compared to 249,202 million drachmas in 1978 or they increased by 27 percent compared to 18.5 in 1978. More specifically, the income from direct taxes increased by 30.8 percent and that from indirect taxes by 22.7 percent. The total tax income increased by 24.9 percent and reached the sum of 287,200 million drachmas. The other income of the state budget increased by 8,850 million drachmas and totaled 27,100 million drachmas while the income from investments increased to 2,100 million drachmas compared to 928 million drachmas in 1978.

In the direct taxation sector, personal income tax marked the highest rising rate or 41.1 percent. This increase was due to the additional income derived through the implementation of the system determining the individual's income on the basis of evidence of extra income and living expenses. Satisfactory also was the increase of receipts from the taxation of the income of legal entities following the increase in their profits and the scrutiny of the taxable material.

In the indirect taxes sector, the income from customs duties, stamp duties and the business turnover tax on imported goods showed the most important increase. On the contrary, the income from automobile taxation dropped by about 2 percent compared to 1978 and was by 7,000 million drachmas less than was estimated. Less also was the income from the tax on fuels (increase by 17.5 percent in 1979 compared to 31.7 percent as provided in the budget and to 28.4 as actually realized in 1978).

The regular budget left a surplus of 800 million drachmas while the general state budget left a fiscal deficit of 61,400 million drachmas which was covered by issuing interest-bearing bonds totaling 40,900 million drachmas and by borrowing 20,500 drachmas abroad.

E. Balance of Payments

In 1979 the deficit of the current balance of payments reached 2,277 million drachmas compared to 1,250.3 million drachmas in 1978. This unfavorable development is mainly due to the large increases in the oil and raw material prices in 1979. But significant also was the expansion of the rest of the imports which seems to have surpassed the economy's current needs. The financing of the increased deficit of the current transactions did not meet with any particular difficulties. The inflow of private capital increased in a satisfactory way and covered about three fourths of the deficit. The rest, after eliminating errors and omissions, was covered by the borrowing of the public sector.

The worsening of the current balance of payments in 1979 was due to the greatly increased exchange cost paid for imports (1979: 37.8 percent; 1978: 14.5 percent). As already mentioned, this development was mainly the result of the high rise in the price of oil and raw materials in the international market. At the same time, however, the inflationary pressures which were particularly strong during 1979 contributed in maintaining the demand for imports at high levels despite the decline in the rate of increase of the national income.

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AEGEAN-DANUBE WATERWAY PLANNED

Athens EPIKAIRA in Greek 24-30 Apr 80 pp 38, 39

[Article by G. Katsonis: "A Salonica-Belgrade Link Through...Water Elevators"]

[Text] A few years ago it came up as an "idea" but hardly anyone took it seriously. Imagine taking a boat from Salonica to travel through the countries of central Europe, western Europe and even some in eastern Europe. Now, just 4 or 5 years after we heard the...rumors, we hear that the first steps have been taken. The United Nations has prepared a study for the opening of a waterway joining the Aegean with the Danube (using sections of the Axios, Vardar and Morava Rivers) and joining the Danube with a network of rivers and canals which crisscrosses the entire continent of Europe. In fact, last Tuesday, the joint Greek-Yugoslav commission had its first meeting in Salonica in order to go over this part of the study, namely, when and how this dream could be turned into reality. The time element remains subject to many (primarily financial) factors; nevertheless, Deputy Minister of Coordination Stavros Dimas in charge of international economic relations gave us some interesting details for the readers of EPIKAIRA with regard to the "how."

"It is a tremendous undertaking," he said. "The waterway between the Danube and the Aegean will have a total length of approximately 650 kilometers. One end will be located at the mouth of the Axios River (near Salonica) and the other at one point on the Danube a few kilometers southeast of Belgrade near the point where the Morava River empties into the Danube."

But how is it possible to join Yugoslavia's Morava with the Greek Axios when between them looms the mountain range of Kumanovo [transliteration] east of Skopje? Here is proof that the human imagination (and that of the technical experts) has no limit. According to the study, the ships sailing up the Axios River will be elevated through approximately 25 locks, to a height of 450 meters to the Kumanovo mountain plateau after passing through the highlands of Tito-Veles. From the Kumanovo plateau they will begin their descent through approximately another 38 locks toward the upper Morava River to reach from there the Danube near Belgrade. From this

point the waterways and river ports of Europe will be open to the modern riverboats.

Obviously this will be a copy of the simple but also amazing technique employed in the Panama Canal which has since been used in several other waterways in Canada and elsewhere. No difficulties are foreseen by this study. At every point of the course where the terrain prevents the further progress of the ship, there will be a large lock. The vessel will enter the lock which will be then filled with water, elevating the ship to the level of the next section of the river to continue the trip. By repeating the process, the ship will reach the top of Kumanovo. It will then start its descent by reversing the process, to reach the Danube.

How long will it take for a ship to traverse the distance of 650 kilometers between Salonica and Belgrade through this series of locks? The study does not give a precise answer as yet. Obviously this is not like the smooth flow and navigation we find in the Danube, the Rhine, the Seine and the other waterways of the European valleys. But the experts see no technical obstacles. "The problem is mainly economic," they say.

Anyway, some "heavy" cargoes such as ores and minerals which are not affected by the duration of the trip will be transported better ⁱⁿ cargoes and more economically. Approximately 30 million tons of every kind of cargo will be transported through this waterway less expensively, especially now that the energy crisis has raised the cost sky-high. Today these cargoes move across the length of the Mediterranean through the Straits of Gibraltar to reach the North Sea, often subjected to heavy storms in the Atlantic.

Of course, there are other aspects of this project. Yugoslavia has always been interested in having an outlet to the Aegean. For decades now it has had a bridgehead in the Salonica Free Zone and now its old objective can be realized through the Axios-Danube waterway. For this reason Yugoslavia does not appear to have any reservations although of the 650 kilometers of the project, 575 kilometers (with the greatest expenditures) are within its territory. Only 75 kilometers and three locks are to be in Greek territory.

Greece, for its part, wants to become a growing international center for the transit of trade as well as a center of geopolitical interest. Following the collapse of Lebanon and the transfer of many foreign company headquarters to Athens and the emergence of Piraeus as an international port, and--following the success of the Volos Middle East ferry line--the next steps to make Greece a true "crossroads of continents and seas" are: the connection with the river network and the waterways of Europe and the construction of the major trans-European highway which will start from the city of Danzig in Poland and end in Athens, and also the creation of the great Europort west of Salonica.

How many of these plans will be realized and how long will it take? This is one of the questions which do not have a precise answer as yet in the continuing meetings of the joint Greek-Yugoslav commission in Salonica.

In any event, on Monday, 28 April, according to Dimas, the second major step will take place in Vienna. Delegates from 10 European countries and international organizations (such as the International Bank, the European Investment Bank, etc.) will come together in Vienna--under Greek chairmanship, no less!--to discuss how to push forward the plans for the construction of the great north-south trans-European highway which will start from the northern Polish port and will connect Hungary, Czechoslovakia, Austria, Italy, Yugoslavia, Romania, Bulgaria, Greece and Turkey.

It is worth noting that even Turkey, which delayed and hesitated, has signed the basic agreement. Only Czechoslovakia has not signed as yet but it will probably do so during the summer.

Another detail: The Yugoslavs already have started the construction of highway sections of hundreds of kilometers, following the finalization of the specifications for the highway.

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LARGEST SOLAR ENERGY STATION TO BE INSTALLED

Athens ELEVTHERTYPIA in Greek 24 Apr 80 p 15

[Text] Deputy Minister of Coordination St. Dimas stated yesterday that the largest solar energy station will be installed in Greece.

The station, with a 20-MW capacity, will be constructed in cooperation with the German Ministry of Research and Technology which has already drafted the preliminary plans for such a station.

A group of specialists will select the site for the installation of the station. It will require a level area of several hundred stremmas with great exposure to sunlight, minimal danger of earthquakes, and with a suitable climate and terrain in general.

It will be a good idea to install the station on an island now getting its electricity from a high-cost oil-fueled thermoelectric plant. The plans for making use of soft forms of energy in Greece are prepared by the National Council of Energy and the Scientific Research and Technology Service of the Ministry of Coordination.

Additional Stations

Greece, in addition to the project mentioned above, is participating together with another eight countries in the construction of two types of thermal solar stations of 500-KW nominal capacity each.

The deputy minister explained that through its participation in these programs, Greece wishes to contribute to the testing of the technical peculiarities of the new systems in order to use them in its territory.

It should be noted that the national plans for the utilization of Greek energy resources are many and cover a broad spectrum of soft energy forms. By way of illustration we may mention the Frangokastello of Crete project in Greece, a housing development where all energy needs will be met with soft and replenishable sources of energy (solar energy, wind power, biomass, etc.).

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PA'S GRIMSSON DESCRIBES ANTI-BASE GROUP TO CONGRESSMEN

Reykjavik MORGUNBLADID in Icelandic 9 Apr 80 p 31

[Text] American congressmen stayed here over the Easter holidays en route to Norway to attend a meeting of the International Congressmen's Alliance that takes place in Oslo this week. The Althing presidents invited the American congressmen to a luncheon on Saturday, 5 April, which party representatives also attended. When everybody was seated, the People's Alliance representative, Olafur Ragnar Grimsson, quite unexpectedly asked to have the floor and started to discuss Iceland's defense. Not only did he deliver his message, but distributed copies of it among the foreign visitors as well. When his speech was over, the Independence Party's leader, and head of the Althing foreign committee, Geir Hallgrimsson, asked for the floor and said that it was not honorable to use this opportunity to bring up complaints against foreigners in connection with an issue that is up to Icelanders to settle among themselves.

He asked people to be cautious about Grimsson's letter. Hallgrimsson said that this also went for Icelandic politicians and politicians in other countries. Everyone wants to have the last word, and therefore Grimsson wanted to speak out on this occasion. Hallgrimsson stressed that it was up to Icelanders alone to decide what they wanted to do in connection with the air base at Keflavik Airport and that it was up to Icelanders themselves to evaluate what they want to do in this matter. Grimsson, however, was asking for American participation in our defense with his letter. "It is up to us to make a decision in such matters and to determine what our interests are and it is up to the United States, on the other hand, to determine what their interests are before these two partners can start to discuss the issue."

Olafur Ragnar Grimsson's letter is reproduced on Althing stationery with the headline: "The American Air Base: the Key Problem in Relations between Iceland and the United States-A short opinion from the People's Alliance Althing group regarding the opposition to the United States' military base in Iceland." It begins with a description of the political impact of the defense issue and says that the defense base

has been the main element in 8 of the 12 governmental crises that have taken place over the last 3 decades. Foreign news reporters have often made the mistake of simplifying the nature and arguments of the air base opponents by identifying them with "communists." Such simplification of of complex nationalistic movements has caused serious and costly mistakes in the formulation of American foreign policy.

The letter, which is about 4 typed pages, then outlines the historical, cultural, social, economic and military arguments that characterize the stand of the air base opponents. The central point in the historical arguments is that when the United States had asked in "1946" (sic) to have military bases in Iceland for the next 99 years, all the political parties had unanimously denied the request. As an example of the cultural influence of the base, it says that all parties had fought against the operation of a television station at the base that reached beyond it. It then pointed out that the operation of a radio station had been harshly criticized. And it continues: "The American lifestyle and its effects are therefore not only limited to the towns around the station but can be felt in the entire Reykjavik area. The base is not only a military institution; it is dangerous in many cultural respects for a small nation that has recently acquired its independence and has struggled for centuries to maintain its individuality." The paragraph concerning the social impact recalls that last summer Grondal gave American soldiers greater freedom to travel outside the defense zone but later rescinded his decision in the face of criticism. The paragraph about economics explains "Aronism."

The part of the letter of the People's Alliance Althing group that discusses the military evidence says that the presence of the defense base cannot be supported with arguments that refer to the threat of the Soviet fleet, as the base was established more than two decades before "the so-called Russian navy menace," as people say. Furthermore, the article says that it is precisely the presence of the base, especially the technological facilities that have been developed over the last 10-15 years, that makes it a central point in the nuclear military proliferation in the North Atlantic. This technology does not enhance the security of Iceland; on the contrary, the base makes Iceland a sure target in all conflicts in the North Atlantic. "It is not the geographical position of the country that makes it a target but the technological nature of the base," the letter reads.

Lastly, the People's Alliance Althing group says that it hopes that this note will spark an interest among American congressmen, "who for understandable reasons have considered other foreign policy issues more important." The concluding words are: "The independence struggle of the United States and the air base opponents movement are by nature closely related expressions of the spirit of democracy and independence of a nation."

COMMENTATOR CHALLENGES GRIMSSON VIEWS ON ANTI-BASE GROUP

Reykjavik MORGUNBLADID in Icelandic 10 Apr 80 p 20

[Text] THJODVILJINN's account of how Olafur Ragnar Grimsson, the leader of the People's Alliance Althing group, took advantage of the luncheon of the Althing presidents for the visiting U.S. congressmen, to present anti-air base propaganda, has stirred people's attention. His name is never mentioned but the Althing group is held responsible for his actions. It is strange why THJODVILJINN does not mention that Grimsson spoke unexpectedly and addressed the American congressmen, since he likes to advertise himself. Judging from his behavior, it is unlikely that he heeded Geir Hallgrimsson's admonition and saw how inappropriate it was to bring up Iceland's defense with the American congressmen in this way, an issue that we must resolve ourselves.

The People's Alliance Althing group has become so pressured by its own members over the dualism regarding the "air base issue," that its leader abused the Althing's hospitality as a last resort to distribute propaganda on Althing stationery. THJODVILJINN then published a gloomy editorial yesterday with the headline: To the guests of Dymbil week, and concluding with these words of apology: "The People's Alliance Althing group has the opportunity to urge U.S. congressmen to get better acquainted than they are with the arguments of the anti-base group against the military presence. This would be a good idea because simplifications, such as labeling all opposition of this kind as communist and Moscow-directed, lend themselves to wrong judgments and decisions. The U.S. Congress has, of course, bigger issues to tackle than the fate of a small island nation, and it is appropriate to use every opportunity to advance arguments against the presence of the air base and to demonstrate that the anti-base group is struggling for democracy and independence in a similar spirit as the American struggle for independence in its day."

Obsequious, Illogical

The entire letter that Grimsson distributed is characterized by a clear-cut obsequiousness towards the American congressmen, as it is in the same vein as the conclusions of the THJODVILJINN editorial mentioned above. Those words would have fit well as the final paragraph in a petition to a sovereign country in the old days to bow so low as to attend to its poor subject. Is this what Communists call national pride?

The People's Alliance Althing group has chosen the path of obsequiousness, as it does not have any valid arguments to demonstrate to the American congressmen that Iceland's security would be enhanced with a new defense arrangement. The People's Alliance letter makes little mention of the main argument for Iceland's membership in NATO and for defense cooperation with the United States, which is, of course, a military buildup in this part of the world. Nevertheless, they say that the presence of the defense base cannot be defended by alluding to the threat from the Russian Navy, as the base was built more than two decades before "the so-called Russian Navy threat." These words acknowledge that Iceland is being threatened by the Russian Navy, and those who read the opinion of the People's Alliance Althing group must conclude that the party would have supported measures against the threat but considered it acceptable to keep the country defenseless until about 10 years ago. The letter says further: "It is not the geographical position of the country that makes it a target, but the technical nature of the American base." Foreigners who read this must conclude that the People's Alliance Althing group would agree to the presence of the defense base if it discovered that its technical equipment did not provoke an attack.

Did THJODVILJINN fail to mention Grimsson's name because the petition is to be understood as a change of policy by the People's Alliance Althing group?

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SCHOLAR REPLIES TO SUGGESTION OF CANADA DEFENSE TIES

Reykjavik MORGUNBLADID in Icelandic 18 Mar 80 p 34

[Article by Dr Bjorn Sigussón]

[Text] 1. Unwelcome Changes in the Defense Agreement in the Two Countries.

In NATO, Iceland and Canada are but two of the collateral member countries and both have a defense agreement with a third, the United States. All have in common the surveillance of the North Atlantic and their coastlines to the North Atlantic, as well as various defense preparations. Iceland and Greenland have never needed direct Canadian defense. Nothing has been heard of whether the United States is interested in or would consider delegating a sizeable part of its duties toward Iceland and its position here to Canada, a country with a 10 times smaller population. It would seem unlikely and would be viewed quite seriously in this country.

I only review these known facts because of a well-defined news article I read in MORGUNBLADID the day before yesterday, 22 January 1980, "Policy-Making in Canada That Concerns Iceland's Defense Affairs," by Pordur Ingvi Gudmundsson, Kingston, Ontario. I am not at all against small embassies being established on a mutual basis in Ottawa and Reykjavik for information services in all fields other than those in which the Russians are considered clever at spying. It would be absurd if Canada suggested that by establishing its embassy, the influence of the Russian diplomatic staff here would be minimized. The reason for protesting is the knowledge now available that many of those who offer to design a Canadian policy for Icelandic affairs want to extend Canada's defined defense interest area east across Greenland, Iceland and northern Norway. This would include stationing a Canadian army at the Keflavik Air Base and using the prospective embassy in Reykjavik as a link in a north-eastern aggression; obviously after approval for all this had been obtained from the United States. (Would it not be politically wiser, with regard to the United States, to send for a group of Luxemburgians to man the base?) The proposal has been formally discussed in the Canadian Defense Ministry by the highest ranking military men and top officials who deal with foreign affairs. Up to now, these groups' interest in Iceland has been just as small as their interest

in Greenland. However, they now seem to have increased worries that Greenland is no longer negotiable for dollars but is a legal state with home-rule; and further, that Iceland won its law of the sea victory after a dispute which, according to these men, endangered the Keflavik Air Base. Would the presence of Canada there in 1975, or its presence in general, have helped matters? Nonsense. Would a Canadian army stationed at the military bases in Greenland be effective enough so that the tiny steps which the Greenlanders are taking toward independence "would make no difference," i.e. would not increase the Greenlanders' right to negotiate their own affairs and foreign relations?

It would be wrong to provoke oneself to answer such inanity. In the conclusion of the article, Pordur points out, however, that "The proposals and writing about them express some kind of a master race mentality and arrogance; and the question never comes up whether Icelandic authorities or the Icelandic nation are at all interested in or would consider discussing such proposals which would involve increased military activities in and around the country." I thank Pordur for these words and his information.

I cannot see that their arrogance will do any harm to us nor to the Greenlandic home-rule government; neither island nation has as much to lose in the defense matters as do the Norwegians who get their share of distrust in these discussions in Ottawa. We will put that aside for the moment. What is more serious is that the influential position of the Canadian military officers in the government is becoming much stronger; partially because the well known Quebec dispute, which is not to be solved with arms as in Ulster, but is being used indirectly to stir up the chauvinism of old British war adulation to support these officers. During World War I this largest colony of the British Commonwealth was in an affected way called the oldest princess ("You have become a princess and the greatest of your sisters," wrote St.G.St. in a satirical poem in *Kveofur* 1917: "They vexed you, they hurt you with flattery and tender smiles.")

During World War I, the Boer Wars and the years 1940-45 Canada provided military assistance to aid the Commonwealth and obtained military fame. Now the aforementioned advisers, our friends, demand a reduction in their development aid to former Commonwealth colonies in order to be able to invest more in new military equipment, as the government of Ottawa has done during the last years. Their idea, for one, is, to a certain extent, to reclaim England's fallen banner in the North Atlantic, as if that could paralyze the interest in the Quebec separatism and elevate Canada to the seat of fame. They want Canada to be asked to attend the conferences of the "seven great" (which was done just before the establishment of NATO), "10 great" or "11 great." It brings to mind Franco's and Mussolini's climb to power and that it might be called half a great power, although our friends' actions are in no way being compared with the actions of those two gentlemen.

The image the northern Nordic states in two continents share, that there exist independent republics and nothing else, would be greatly improved if Quebec's independence, whatever it will be, satisfies the normal national pride of Quebec's citizens, and if the cohabitation with the real Canada is successful afterward. Their membership in NATO would be separate, which might even improve their cohabitation.

II. Will We Be Offered Canadian Development Aid?

During the unfortunate fluctuations in the governments of Ottawa and Reykjavik 1979-90, it might seem to be forgotten that, according to NATO's founding agreement, its purpose is to work toward economical balance and political stability in its member countries without restricting the sovereignty of any. This cooperative effort has taken place on behalf of EEC in all the West European countries, from Denmark to Greece to Portugal and the Azores. Reliable sources tell us that this economic council, which can be said to have started in January 1958, was based in a way on the premise that it was under the protecting wings of NATO.

When Iceland and Norway made it clear that they would not join the EEC in 1972, even though Great Britain joined, it was broached that this would give Canada the opportunity to inherit some connections with those two NATO countries. As it happened, neither cod wars nor crises during the decade have broken any of their British connections. The formula that Canada would inherit broken Commonwealth connections might come true, but it has not so far. The race of more countries for easily developed energy sources, raw material and oil from the sea-bed will start now.

The meetings between Canadian and Icelandic officials in the past 3 years regarding oceanic research and defense politics have, of course, been useful, as pointed out in Pordur's article. They are, for example, closely tied to the discussions between the Danes and the Canadians, which took place at the same time, regarding the utilization of natural resources within Greenland's jurisdiction. The oil exploration saga can be skipped, as it has shown no results so far. As evidence that, during the NATO defense, Canada, no less than the United States, was interested in Greenland's mines (uranium, chrome, molybdenum etc.), I can mention the book "Gronland og polaromradet sikkerhedspolitik set," 1977, by H.c.Bach and Jorgen Taagholt. More recent books are, however, available. It is not a strange idea in the Western Hemisphere that mineral resources which have not been attained within the circle of EEC (Greenland doubt), ought instead to be attained within the Canadian utilization circle, which many multinational corporations from the United States now have more power over than they have over industry and raw materials within the United States itself. This important discrepancy in the dominance of companies in Canada and the United States is known to many; however, it would take too long to prove it here.

Canada is the largest country in the world after the Soviet Union. There is more energy and mineral resources per capita there than in any other

country. Due to knowledge about "growth limitations," countries that are rich in natural resources and foresee power possibilities will compete harder than any of the others for still more mineral resources, as that could later pave the way for monopolization or only a few conglomerates would compete for valuable minerals. I am not addressing this to just one country but many. This is a matter of geography. The news the day before yesterday that Canada wants to station a military unit and diplomats in Iceland because oil discoveries in the ocean are creating and will create tension and probably "endanger the future of the Keflavik military base," seems strange to us if we consider it rationally. It does not convey the policy intention in Ottawa. Some people there, however, want to catch someone else's fish and do their fishing in dirty waters.

Many of us Icelanders agree with the Canadian J.K. Galbraith about the unavoidable enterprising spirit of the multinational corporations which, in this case, would rather be the moving force of what was to be done than the diplomats. Those multinational corporations, however, should not be mixed in with the defense force and not be sold coated in NATO chocolate; the Pentagon knows how we look at that matter.

How else should the proposal that was discussed in Canada be understood? Canada is to give the Icelanders financial aid to strengthen the economic stability and the political development of the country. These funds are to be obtained by reducing the Canadian development aid to the countries of the Third World." Might it not happen that this financial support would reduce the economic stability further, increase inflation and weaken the desire for self-preservation down to a pitiful stage of a developing country? We do not react eagerly.

III. Complete Faith in the United States. What Can Realism and Rationality Expect During Worldwide Danger?

"Canada should not offer to station military units or military equipment from the Canadian Army in Iceland as the Americans are capable of taking care of that." This necessary and greatly appreciated correction of the proposals by the strategist in the West (MORGUNBLADID 22 Jan 80), comes from the book "Our Neighbours to the East," Kingston 1979, by the Norwegian-Canadian professor Nils Orvik. If he succeeds in convincing the Norwegian Government that Canadian-Norwegian-American presence in the Norwegian Sea should be strengthened, and as close as possible to Svalbard, then the Icelandic pessimistic view on that undertaking should best not be expressed. I only want to protest the idea that such mixing with the defense plan of the United States would greatly add to the belief that more actual defense measures would be provided than can be realistically expected now.

Nils Orvik has mentioned in his various writings the possibility of Canadian participation in the defense of Norwegian oil fields, or rather the defense of northern Norway. He has, however, put it forth as a question. In the book "The Other Powers," 1973 (R. P. Barston, ed.) the first essay is by Orvik and is about Norway's foreign and defense politics. At the

conclusion of the article, he asks where in Europe (the NATO part) would it be possible to get naval support to defend the northern fence, or if by it would suffice to assume that satisfying results will be obtained by the membership of the American and Canadian powers. (p. 56).

He asks in the next paragraph if such abundance of oil can be found there to be worth it for the powerful in the EEC and the United States/Canada to sponsor a cooperative defense of Norway. Shortly before Orvik had mentioned "finlandisering" and accused Norway of not wanting a foreign, well equipped military base during peace time. When this happens, there is nothing, he says, except the fear one has for the worsening military position that would, nonetheless, make that superpower assist Norway.

In 1973, Orvik said that was the trend growing in the United States and it had to lead to a reduction of the U.S. forces in Europe; it should not be taken for granted that they would assume the defense role (for Norway) whatever happened.

Did Orvik take it more for granted with regard to Canadian help? I don't believe that. What can be realistically expected during worldwide danger? Don't the gestures to defend remote places, which seemed later to be wisest to drop, attract the catastrophes to the "best" defended remote place?

9583

C50: 3111

EDITORIAL COMMENTS ON EXPORT AID PLANS, INFLATION

Reykjavik MORGUNBLADID in Icelandic 19 Mar 80 p 16

[Editorial: "A Matter of Life and Death for the Export Industry"]

[Text] The question of how long we will be able to keep business running in the inflation that has run rampant here has become insistently more pressing. Last year it passed 60 percent. Some politicians try to justify this development for themselves and others on the pretext that it could not be avoided in order to maintain full employment. Such a pretext has, of course, no basis. It is amazing, however, how long business has kept running in full capacity in spite of the inflation. It is, however, becoming increasingly clearer that it has been at the cost of the standard of living. Although there are conditions here for improving the standard of living, it becomes worse from year to year. The degradation of the nation has become such that the import business is moving away from the country, and we are no longer able to finance the main branches of business with Icelandic funds and must resort to foreign loans.

Now, many branches of the export industry are faced with extreme difficulties. In the beginning of 1979, the balance was favorable, but since it has grown rapidly worse. In the wool industry, costs went up 55-58 percent last year, whereas income only went up 24-26 percent. No industry can survive such a blow, and by last month it was 4.9 percent short of zero and is getting worse, and this month it is on a sharp decline. It is, therefore, no surprise that many companies in the wool and skin industries are becoming unable to meet their payments and are faced with mass lay-offs if the necessary corrections are not made.

In this connection, it must be kept in mind that the export industry has been stable, both because the raw material is domestic; and we have reached great results in the foreign market, so that our goods are in a higher price category than comparable goods from some of our neighboring countries. This is the result of years or decades of continuous labor, which would result in a deplorable loss if shortsighted opportunism were to destroy this industry which employs 1,800 people who could not be offered any other job opportunities. The foreign markets we have cornered would be taken over by others and would hardly be regained if we break

our contracts now. The great demand for Icelandic woolens definitely ought to be an incentive to us. Last year, the export value from these industries amounted to over 8 billion Icelandic kroner.

The wool and skin industries need not be government subsidized. It is only requested that these industries enjoy conditions comparable with the fishing industry, for example. It can be taken as an example that the government keeps back enormous sums from collected sales tax, aside from the fact that these industries have to pay many public fees which either are not required of the fishing industry or are lower. Furthermore, it is the basic factor for the development of export industry or any other industry here, which is competing with foreign goods, that the current rate of the Icelandic krona be correctly registered. To employ the trial and error method in this case can actually result in an irreparable loss. As the matters stand now, it has been maintained that a devaluation actually has taken place and that the rate of exchange should be lowered by about 13 percent or more. This would provide a minimum correction level corresponding to a zero status of the wool and skin industries, which is no yield at all in a 60-70 percent inflation. This could lead to a stagnation in manufacturing methods and consequently to a halt as time goes by.

Unfortunately, this administration does not seem to have any members who are likely to get a firm handle on our export affairs. Industrial development per se can be all well and good, but all plans in that direction must, however, be based on the fact that some industry already exists in the country to be developed. That is the "industrial development" of today. Some way must be found to arouse the authorities from their day-dreams and open their eyes to the reality to be faced in the country.

9583

CSO: 3111

OIL BOARD OFFICIAL EXPLAINS PURCHASE PACT WITH UK

Reykjavik MORGUNBLADID in Icelandic 11 Apr 80 p 20

[Text] MORGUNBLADID has asked economist Geir H. Haarde, the secretary of the oil trade board, to give a further explanation of the mainstream prices that the BNOC [British National Oil Company] purchasing pact is based on and to compare them with the Rotterdam price, which our recent oil purchases have been based on. Haarde gave MORGUNBLADID the following information:

There are mainly two ways of pricing refined oil products in international trade. On the one hand, there are the so-called mainstream prices of the oil companies; they prevail in the established oil trade, especially within the private sales and distribution networks of the oil companies. On the other hand, there are the spot markets, such as in Rotterdam. These markets are like disorganized auctions, with prices dependent solely on supply and demand for refined products at a given moment and on forecasts of future market developments.

Most of the world's oil trade goes through established channels, where people pay the mainstream prices. Oil company costs in acquiring, refining and otherwise developing crude oil generally push prices down. Prices also depend on general developments in crude oil supplies and in demand for refined products over a period of time.

Under normal circumstances, the spot markets are "leftover markets" where oil buyers and sellers work out among themselves the output of and demand for various kinds of oil products. There is a need for such a market because the oil companies can never organize all of their activities carefully enough to make all ends meet. In order to even things out, individual shipments are bought and sold on these markets. When there are large enough supplies of oil, the prices on these markets are sometimes a bit lower than the mainstream prices. However, prices on these markets can far exceed the mainstream prices when demand outstrips supply and there are no ceiling prices.

Mainstream Prices More Stable

Most oil transactions are handled through established channels, but prices have on occasion been based on spot market quotes. This is how the Soviet Union and others have sold refined oil products, and such price quotations have been used as the basis of oil transactions between Iceland and the Soviet Union, such as the Curacao, Aruba and Rotterdam quotes, even though these transactions had nothing to do with these markets in other respects.

Information on prices on the Rotterdam and other spot markets is compiled in PLATT'S OILGRAM and appears there five times a week. It is the nature of this market that one can never know beforehand with certainty what the quoted prices in PLATT'S will be at a given juncture.

No comparable quote exists for the mainstream market, since prices on it vary and are either negotiated between buyers and sellers in light of market conditions, or are based on internal oil company transactions. The firm Oil Price Assessments Limited in London gathers information regarded as accurate concerning prices on the mainstream market in Britain, France, Italy, Holland, Belgium and West Germany. Sweden is expected to be added to the group soon. The company's information is published on either a monthly or quarterly basis.

It is clear that these price bases are different in nature. The mainstream prices are much more stable since they are connected to crude oil prices on the one hand and to the general balance and developments of the oil market on the other. The Rotterdam market is unstable and is dependent on daily supply and demand, but it can be a good thing for the buyers when supply outstrips demand. In the event of a shortfall on the world oil market, prices on the spot market tend to rise far above what crude oil prices and refining costs would indicate, as happened in 1979.

It became clear last summer that the daily reference price in Rotterdam was very unfavorable when the oil market was not in balance and demand exceeded supply. The experience of previous years has shown, however, that the Rotterdam prices can be slightly below the mainstream prices when the market is in balance, although the advantage is slight compared to the great difference between the daily prices and the mainstream prices last year.

From what we have said, it is clearly more advantageous to make use of the mainstream prices than the daily prices, as the situation now stands in international oil trade. We can mention the advantage that is gained when there is an imbalance on the market, which is felt sooner and more strongly on the spot market, as we mentioned above.

It is clearly also valuable in itself not having to be subject to the fluctuations that characterize the spot markets.

Prices Similar These Days

Throughout last year the Rotterdam prices were considerably higher than the mainstream prices, but as of this year prices have converged, since the situation on oil markets is considerably steadier than last year. The prices are now very similar. The Rotterdam prices have been going down for the last couple of weeks, but they increased once again in the last few days. It is impossible to accurately forecast what comparative prices will be like at any point in the future.

8743

CSO: 3111

PAPER APPLAUDS OIL PACT WITH UK, INDEPENDENCE FROM USSR

Reykjavik MORGUNBLADID in Icelandic 11 Apr 80 p 20

[Editorial: Turning Point in Oil Trade]

[Text] There was a new chapter in Iceland's oil trade yesterday. An oil purchasing pact was signed in London with the British National Oil Corporation under which 100,000 tons of gas oil will be sold to Iceland during the latter part of this year and 100,000 tons in 1981 and the same quantity annually if neither of the partners terminates the pact. The events leading up to this historical pact can be traced back about a year in time, when Geir Hallgrímsson, the leader of the Independence Party, in the wake of the oil price explosion, started discussing all aspects of Iceland's oil trade. It took a hard struggle by MORGUNBLADID, among others, to open up the eyes of the former trade minister, Svavar Gestsson, to the need for action in this field. At the end of June he finally set up an oil trade committee, pursuant to proposal by Geir Hallgrímsson. Johannes Nordal, the manager of the Central Bank, was chosen to head the committee, which has now submitted two reports to the government, spoken to many foreign partners and delivered the completed pact that was signed yesterday to the government.

Iceland's oil trade has been mostly connected with the Soviet Union since 1953. It has been profitable for a long time and has given us much-needed security. The fluctuation on oil markets last year, however, convinced people of how dangerous it is to be so dependent on one partner, and also that the price index in the Soviet agreement had become disadvantageous. The Soviets have been unwilling to change this reference price. It has caused great fluctuations in the import cost of the oil, which has made all national income planning very difficult and unreliable. Under the new pact, fixed prices will be negotiated for 3 months at a time based on the long-term prices that are in effect on the oil markets in Western Europe. The agreement with the Soviet Union is based on so-called daily prices, which are quoted in Rotterdam and are mostly based on speculation.

The reluctance to make changes in our oil trade stemmed to some extent from a fear of deserting a traditional market, and to some extent from the fear that the Soviet Union would decrease imports of Icelandic goods, and finally from political attitudes. The first argument no longer applies, and the second is no longer valid, because in order to balance our trade with the Soviet Union it is enough to buy one-fourth or one-third of the oil we are now buying. The third argument can be traced to the Communist position that the oil trade with the Soviet Union is a "lifeblood" as they have called it. It is based on political submissiveness, which the nation rejects.

Although an important step has been taken, based on the proposals of the oil trade committee, we cannot stop at this point. The overall oil demand of the population is about 600,000 tons per year, and now only 100,000 tons of gas oil have been negotiated on a solid basis outside the Soviet Union. The government will order the oil trade board to continue working. Unfortunately, there are various indications that the minister of trade, Tomas Arnason, has, like his predecessor, a limited interest in showing the political initiative to keep this matter alive. Perhaps the minister will be satisfied with the feather in his cap from the signing of the oil trade committee's pact in London.

It is illogical to expect oil prices to go down on world markets. Events in Iran and in other oil producing countries remind us that oil refining capacity is subject to many whims. Changes in the weather also have an effect, because the decrease in daily prices recently is to a large extent due to the mild winter in Western Europe that has made the acquisition of oil supplies easier. In discussing oil prices, we must necessarily bear in mind the tax happy politicians, who are primarily concerned about the revenue of the Treasury and secondly about the people. It seems appropriate to urge the creation of a committee to investigate taxes on oil products and the possibility of reducing them.

The 1975 trade agreement with the Soviet Union expires this year. And now is the time to negotiate for the next 5 years, if the custom is to be continued. Forecasts by the Western World to the effect that in 5 years the Soviet Union will no longer export but import oil have been met with dwindling opposition from the Soviet Union. Security in oil trade with the Soviet Union is therefore rapidly decreasing.

MORGUNBLADID urges that Iceland strive to eliminate oil dependency on the Soviet Union. Oil trade should, if possible, be brought closer to home. We are doing so with this recently signed pact, and we should continue to do so in agreements with Norway and perhaps Finland.

8743

CSO: 3111

SCIENTISTS STUDY KRAFLA VOLCANO ERUPTION NEAR POWERPLANT

Reykjavik MORGUNBLADID in Icelandic 18 Mar 80 pp 18-19

[Article by Elin Palmadottir: "An Eruption of Splendor in the Wilderness"]

[Text] It was an eruption of splendor that started north of Krafla shortly after 3 pm Sunday. In the clear, bright weather, a fissure, erupting in various places, wound its way from Leirhnuk, which is about 3 km from the powerplant, north to the southernmost part of Gjastykki. Geologist Sigurour Porarinnsson estimates the fissure eruption covers about 1,500 km.

Tongues of flames extended about 80-100 meters into the sky for a long stretch above the northernmost part of the fissure. West of the flames, the red lava formed a lava fall next to the fissure where the decline was the greatest; it spread in the direction of Gaesafjoll for about 500 meters in a large tongue of lava that gave the appearance of red eyes on the dark lava that had solidified on the surface.

Red-Hot Lava Flood

Geophysicist Eysteinn Tryggvason and Halldor Olafsson had first seen the lava eruption there when they were performing distance measurements in the fissure areas close by. They had two snowsleds at their disposal. About 1630 they saw the first steam column rise a little south of them, according to Eysteinn. About 1643 the fissure burst open, first with black smoke, and then it started to spout lava. They drove closer to see what was happening and were surprised not to see the lava, which at first had collected behind a hill. Suddenly, the red-hot lava flood flowed toward them, which made them retreat hastily on their sled. Eysteinn positioned himself on a hill from where he could follow the lava flow. He estimated that the lava was flowing about 10 meters per second, which meant that one could not have escaped from it on foot in the snow.

The lava flow was very thin. At the site of the eruption, geologist Sigurour Porarinnsson told a reporter from MORGUNBLADID yesterday morning: "This is certainly a lot of lava in such a short time. Now it is easier to understand how the lava reached Olfus as fast as the Pjorsarlava did at the time. It can travel fast."

The new lava was extremely beautiful there--slab lava with a lot of glaze where the surface had cooled suddenly. It is, however, extremely bubbly and light and it cracks like meringue if stepped on. It is probably ideal as an insulation material. Yesterday morning, the reporter from MORGUNBLADID followed Sigurdur across this new lava up to the edge of the large crater. It had completely cooled off; embers were barely visible under the lava. About midnight the surface had cooled off enough to allow one to walk there carefully. Two local men, Stefan Leifsson and Hedinn Sverriðsson, drove us on their snowsleds from Krafla along the volcanic area; going north on the west side and returning along the east side. Thus, it was possible to see in how many places the fissure had spouted lava and blown cinders in both directions. It is not likely, however, that all the eruptions took place at the same time. The low morning sun shone on the bluish vapors that rose from the lava where hydrogen was still burning. It is a phenomenal sight to see the unmelted snow next to the hot lava.

Each time there has been volcanic activity around Krafla, the fissure has stretched further north; now the greatest flow was in the northernmost part, to the west in the direction of Gaesafjöll. It seemed to be rather favorable if that would happen during a greater eruption, as it would then flow north of Gaesafjöll and not in the direction of Myvatn, which then would be less of a problem.

The geologists who were gathered up north did not seem to think that the volcanic activities in Krafla had to end in a great eruption, even though Myvatnseldar did, especially since it seems to drag on. To quote Sigurdur Þorarinnsson: "The time will come when the afflux from below will lessen and this will end."

The volcanic activity in Krafla has continued since 1975 which is 1 year less than the 1724-29 volcanic activity in Myvatn. A sequel in 1746 was counted as part of Myvatnseldar.

This does not have to end with a great eruption, Axel Björnsson told the MORGUNBLADID reporter. There are other more remarkable things that happen during the Krofluelðar. Tectonic sinking occurs in one place and rising in another. The magma passes back and forth in the ground. These eruptions are just for reporters and for show.

Sigurdur Þorarinnsson remarked that there had been less tectonic sinking this time than in 1977. There seems to have been some obstruction in Bjarnarflag when the magma turned southward. Perhaps the magma was located deeper there.

He referred to what had been happening during the previous hours. According to leveling measurements, the land had risen most near Leirhnukur before the eruption started; it then started to sink fast as of 1500 on Sunday. By 2200 the sinking was measured about 60 cm. It was then assumed that the magma was traveling south in the direction of Bjarnarflag.

The land around Leirhnukur started to rise again after midnight. The people were extremely relieved and considered the danger had passed as far as the Diatomite Plant was concerned.

Geophysicist Pall Einarsson said that by now the sinking by Krafla was greater than in April and September 1977, which he was not too happy about. The earthquakes had continued steadily from the beginning and were still going on, although the strongest ones had been recorded before midnight on Sunday. We know that the greatest part of the magma has been underground, although some has surfaced, Pall said.

By yesterday, the area, where the rift had occurred during the volcanic activities, had been measured and marked out. It extended from the southern part of Hrossadalur, or a line 3-4 km north of the road in Djarnarflag, all the way north to Leirhnukur where the eruption began.

Geologist Karl Gronvold last night told MORGUNBLADID that the eruption was diminishing. The seismographs recorded a slow decrease in earthquakes, and no fire had been visible in the fissure area. Steam was still rising from the fissure but ability to see the steam was dependent on the weather; also, it would be difficult to tell how rapidly it decreased. The land had started to rise around midnight by the station house at Krafla and still continued to rise. Everything seemed to be going back to the former state.

The Krafla Powerplant Lost a Borehole in the Eruption

During the eruption in the vicinity of the Krafla powerplant Sunday, the powerplant lost a borehole which resulted in reduced power production from 7 megawatts, as it had been, down to little less than 5 megawatts. Einar Tjorfi, chief engineer at the Krafla powerplant, said that this hole was extremely sensitive and had often dropped out before, even though there had been no eruptions. When the eruption began, a power fluctuation occurred and the hole dropped out. When he was asked if this would be felt in the electric power production, he said that everything counted when there was not much there.

On the other hand, those who arrived in the eruption area Sunday night noticed that three holes on the valley's edge--holes number 5, 8 and 10, which are not connected with the powerplant--had suddenly started to erupt beautiful and powerful columns. Some wondered if they might not improve the electrical power production. Einar Tjorvi, however, said that they did not. These holes had always been closed when there had been an eruption in Krafla. They had been inactive but had been used to measure the underground water level in order to get data on how the area reacts to energy removal. Measurements were being performed there, and therefore they were open when the eruption began. There had always been pressure there before but now they erupted because they were open.

Late yesterday, hole number 5 stopped erupting again. Einar Tjorvi said it was hoped that the eruption would not continue and it would be possible to utilize the others. He said that hole number 10 was full of sulphurous precipitates and hole number 8 is of no use. These eruptions in the boreholes, therefore, do not improve the situation at all.

People in the Myvatn Are Calm and Prepared

The Civil Defense control in Myvatnesveit assembled in the control station as soon as it was known that an eruption had started on Sunday. Kristjan Ingvarsson, chairman of the county council and the chairman of the committee, told the reporter from MORGUNBLADID Sunday that they were prepared; warnings had been sent out and they had people ready to evacuate the Diatomite Plant if necessary as that would be the most dangerous spot if the eruption became more severe. Others were not in any danger at this time.

The telephone cable to Krafla had recently been broken and the radio ham operators who had arrived there from the south on behalf of the Civil Defense came in handy. Yesterday, the telephone communication was operating again. There was no worry, however, about the lack of telephone communication to the Krafla plant because the people there still had the high frequency telephone communication to Akureyri.

Otherwise everybody in the control station seemed to be quite calm, as indeed are all the people in the Myvatn area.

Maria Porkelsdottir, who was making coffee, said that people accepted all this philosophically. When the weather is this good and you can drive everywhere, there is nothing to worry about.

The same view seemed to be echoed by all the people whom the MORGUNBLADID reporter met in Myvatnesveit.

9583

CSO: 3111

PA MINISTER GIVES START TO POWERPLANT ON FAULT LINE

Copenhagen INFORMATION on Danish 22-23 March 80 p 2

[By Icelandic correspondent Throestur Haraldsson: "A Powerplant on the Edge of the Abyss: Volcanic Activity in Iceland Has Political Consequences"]

[Text] Last Sunday a volcanic eruption occurred in the northeastern part of Iceland, right in the neighborhood of Iceland's most frequented tourist attraction, scenic Lake Myvatn, which is surrounded by hot springs warm enough to swim in and by constantly changing lava formations complex enough to get lost in.

It did not come as a surprise to anyone in Iceland that the eruption occurred precisely there. But the attention of the people is primarily focused on the geothermal power plant, Krafla, which is located in the center of the turbulent area and is constantly threatening to go up in smoke or to blow up.

Jerky Motion

As is well known, Iceland forms a part of the Mid-Atlantic Ridge, an under-sea rift which stretches under the Atlantic Ocean all the way from the Arctic to the Antarctic. Iceland's location, therefore, is the key to understanding the frequent volcanic eruptions which regularly shake the island.

In the course of the last few decades the world's geologists have concluded that the earth's crust consists of numerous gigantic plates, which are constantly in motion. Europe is made up of one of these plates, America from another. These two particular plates meet at the Mid-Atlantic Ridge, and where they come together, motion occurs, in which they draw away from one another. After this happens, a gap remains, through which lava flows upwards from the center of the earth. In this manner Iceland--as well as the ridge's other "peaks," Jan Mayen, the Azores, Tristan da Cunha, etc.--came to be.

Scientists have calculated the rate of this motion to be 2-3 meters per century. But they did not know for certain how the plates moved until 1975. Up to that point, the theory was widespread that the plates moved at a regular rate of 2-3 centimeters per year. But the earth tremors of the past five years in northeastern Iceland have completely changed the opinions of geologists concerning the behavior of the plates. At present, the majority believes that the plates move in powerful jerks at 100-150 year intervals.

Iceland's history seems to support this theory. Throughout the country's history, the annals tell of volcanic eruptions and turbulence in the areas south and north of Myvatn--last time in 1970-75, and before that in 1725-29. Each period of activity has followed roughly the same pattern. It starts with a volcanic eruption, followed by severe earthquakes, which cause huge rifts in the earth, and on the previous occasions it has also ended with an explosion. It is this explosion which people have feared for the last two to three years.

At even intervals--two to three months--the same cycle has repeated itself over the past five years. Lava from the earth's center flows constantly upwards to the earth's crust. The surface of the earth swells until the breaking point is reached. At this point the lava either bursts up to the earth's surface, or it finds outlets in subterranean crevices and pockets. After that the surface level falls sharply for a few days, but afterwards the same cycle starts all over again. The large eruption which has been expected has not yet occurred. Several times rather small and shortlived eruptions have broken out, like the one last weekend, but otherwise the lava has accommodated itself under the earth's surface.

The continuous turbulence has brought about considerable physical damage in the areas involved. Pastures and meadows have been cut through in various places by great rifts, roads have been destroyed, water supplies cut off, sewer systems and pipes broken in pieces, and walls cracked. Besides all this, millions of kronur worth of damage were done when the joint Icelandic and American-owned diatomaceous earth plant near Myvatn had its storage pond blown open and emptied within the course of a few days. The stored raw materials were literally swallowed up by the earth.

An Unfit Powerplant

However, the hottest potato where Myvatn is concerned, as far as the politics of the situation go, has been the geothermal power plant Krafla. No one wants to be held responsible for its (to put it mildly) dubious origins; the politicians blame the scientists, and vice versa.

The idea for Krafla came across the desk of the Minister of Energy for the first time when the moderate-left government was in power, during the period from 1971-74. The Minister of Energy was Magnus Kjartansson, the leader of the People's Alliance Party at that time. Under his direction a 30-megawatt power station was proposed, in which the turbines would be driven by

subterranean steam, which was to be found at a depth of 1,000 to 2,000 meters. According to Khartansson's plan, the station was to be built in the course of four years, and the construction was to begin with an intensive investigation of the situation, which was necessary, because Krafla would be the first power plant of this particular type in the country.

Just as the researchers were beginning their studies, the government was toppled by the world-wide oil crisis. Kjartansson had to resign his post as minister in favor of Gunnar Thoroddsen of the Independence Party, who incidentally is the present prime minister. He had criticised Kjartansson caustically concerning the slow rate at which Krafla was being constructed. After Thoroddsen came into power, he decided to accelerate the construction, such that the power plant would be ready in two years. Its capacity should also be increased to 60 megawatts. The construction was begun in the winter of 1974-75, even though the researchers were far from being finished with the studies which they considered necessary. At the end of 1975, the abovementioned turbulence began with a volcanic eruption a few kilometers from where the power plant was being built. But Thoroddsen didn't let himself be bothered by such trifles, and in 1978 the station was ready for production.

But it turned out that the steam which was supposed to drive the plant's two Japanese turbines had disappeared. This was a real nightmare for the researchers and the excavation crews. They were supposed to find steam, but there wasn't any to be forced up. Several times they succeeded in reaching a good vein of steam, but after a few days the steam had either disappeared or destroyed the lining of the bore holes (such that they collapsed) with its high acid content. The area where the steam was supposed to be located turned out to be more complicated than had been believed. It was constantly in motion because of the earth tremors, and there was no way out of the situation.

In the period from 1974-78 huge sums of money, by Icelandic standards, were invested in the unsuccessful project. Finally, the government decided to stop the flow of cash, the excavations were suspended and the project was put on ice. At present the power plant provides 6-7 megawatts instead of the 60 megawatts it was supposed to furnish. And people are waiting without fail for that fine day when the big explosion will occur. If the Icelandic people are spared that, they can rejoice in their large-scale monument to politicians' attempts to capitalize on interventions into scientific research work.

9584

CSO: 3106

SOCIAL PROJECTS THREATENED BY FISCAL PROBLEMS, SAYS ALBEDA

Amsterdam ELSEVIERS MAGAZINE in Dutch 5 Apr 80 pp 48-50

[Report on Interview with Minister of Social Affairs Willem Albeda by Frank Lafort: "The New Cutbacks at Social Affairs"]

[Text] The hour of truth is rapidly approaching for Minister Albeda. Next year things will either bend or break for the department of social affairs. According to Albeda, additional retrenchments are necessary on the government contributions for the social funds in 1981. Therefore the minister is playing with the idea of initiating the concept of "breadwinnership" for persons who receive social benefits. Simultaneously he is considering making the premiums of national insurances no longer tax deductible.

The minister of social affairs, Dr W. Albeda, is accustomed to present his ideas in packages. It is a heritage from his trade union past which is very useful to him in the small-scale The Hague political world. With this tactic, the minister has repeatedly taken the wind out of the sails of his opponents both in the cabinet and in parliament.

Former Minister Andriessen has some experience with that. He had fastened himself upon one objective: to push back the financing deficit of the government by any means. That was a tough stand which brought Andriessen repeatedly into conflict with Albeda in the past. In this war of nerves Albeda has always been careful to hide himself only behind the drafting of figures. His political philosophy, successfully defended and meanwhile seized by the entire cabinet, entails that the government must keep in mind, besides the financing deficit, an additional number of "measuring points": work opportunity, guaranteeing the purchasing power, etc.

Until recently, Albeda's strategy proved its usefulness in parliament also. During the debates in the second chamber on the wage measure, Albeda was able to draw the D'66 [Democrats '66] parliamentary group

over to the government side after he had readjusted his package. That step led "homo politico" and Vice Prime Minister Wiegel to the statement that the cabinet has acquired a "broader base" through the voting behavior of the democrats.

Smiling, Albeda takes that statement as a notification. He is not that optimistic. Albeda: "I would not wish to draw that conclusion for the cabinet. It is the wage measure which has acquired a broader base." However, the support is limited to parliament. In the free play of the social forces there are enough candidates who would very willingly remove the pillars from under that "broader base." Thus PvdA [Labor Party] Opposition Leader Den Uyl, whose alternative program is labeled "schizophrenic policy" by Albeda, is appealing to workers to continue to resist the wage measure.

The new minister of finance, Mr F. van der Stee, who on the other hand wants to go further into Albeda's "package politics" has already warned against removal of the wage measure. According to Van der Stee new cutbacks can not be avoided otherwise.

Albeda echoes that in the main: "The minister of finance's warning is intended for the public. Everyone should know how serious the situation is. Everyone must have noticed that I have taken the wage measure somewhat reluctantly. I think, namely, that it is not the most efficient manner to control wages. Employers and employees themselves should control the wage level. But apparently the social partners are not yet capable of that. Moreover, Van der Stee and I both are responsible for curbing the financial deficit. A big wage flood would make that task practically impossible."

The unanimity of Albeda and Van der Stee also has its limits, however. In the draft budget for 1981 which the ministry of finance will submit this summer, the ministry of social affairs will once again have to deliver up. Especially with respect to the flow of money which goes to the social funds in the form of government contributions. For 1980 this is over 8 billion guilders. The Ministry of Finance will try to curb this flow of money.

[Question] Is there space for economies on the government contribution?

[Albeda] "Economies can arise only in the sphere of management or through combining the social funds. Space for this is limited and of a one-time nature. What remains are cutbacks. But since the Minimum Wage Adjustment Mechanisms and Social Benefits Act, the space for cutbacks is not terribly big either. Then one possibility remains: we present the bill, in the form of higher premiums, to the social partners. I find that very unwise because the income policy is frustrated through that. Conclusions: space for withdrawing government contributions is small. This year we are already doing much in that respect."

After a lengthy tug-of-war, social affairs agreed during the last round of economies of 3 billion guilders to withdraw a total of 750 million guilders from the government contributions regulation. That amount falls into three parts:

250 Million for which there is space through a policy already established;

250 million on a temporary basis through postponement of paying the social funds;

space still has to be "created" for 250 million.

According to experts, here one can speak in part of a true structural cutback. But in spite of the "package politics," the hour of truth is rapidly approaching for Albeda. It looks as if this minister will be in a fix next year. From various calculations by advisory bodies for the government, institutes, etc., the following picture emerges for social affairs in the 1981 election year.

Due to the expected increase of unemployment, a bigger attack is made on the social funds. Inflation is increasing considerably and, according to various economists, it will fluctuate between 7 and 8 percent already this year. Social funds which already have liquidity difficulties, cannot eat any further into their financial assets, simply because they no longer have any reserves. However, they are still being confronted with rapidly increasing expenditures. They cannot expect any help from social affairs because Van der Stee cannot honor any additional claims of Albeda.

[Question] You cannot honor any additional desires of the social funds?

Albeda: "I don't see any possibility for that."

The situation is becoming even more critical for Albeda because in 1981 additional cutbacks are necessary in order to put the economies of this year into effect "on a permanent basis." Albeda: "That is true only in part. We will come up with proposals to the extent they are necessary."

[Question] Then what is the minister thinking of?

[Albeda] "It is not in the nominal [income?] sphere. That would be difficult anyway, because the Adjustments Mechanisms Act has been adopted. It can only be done through a curbing of the claims on the social funds, thus a sharpening of the volume policy. It could also mean: taking a closer look at some benefit rights. An example is the initiating of the breadwinnership, but the equal treatment of men and women runs through that."

An additional dilemma for Albeda: he cannot realize his "adjustments" because they bounce back on objections of /*emancipation*/ [in italics]

of the CRM [culture, recreation and social welfare] ministers. Then they see their "emancipation policy" disappear. Until now it has been customary to make men as well as women eligible for social benefits. If on the other hand the concept of "breadwinner" is introduced, then it is clear that primarily women will lose the right to social benefits. The reason: the man is often the breadwinner.

Thus Albeda is confronted with an extremely somber picture for 1981. It looks as if a further decrease of the purchasing power, caused by an increase of the premium burden, can hardly be avoided. However, the opposition still says that such a recession is not necessary and then a new concept is being waved around: incorporating the financing of social legislation into the tax system. This means that the difference between premiums and taxes disappears and that social security systems are financed entirely from tax means. An increase of the tax burden is the result. This is compensated for however through the disappearance of the premium burden. However: there is a snake in the grass for the middle- and higher incomes category, because they must pay relatively higher taxes.

[Question] Does Albeda see a possibility for that incorporation into the tax system?

[Albeda] "There are various possible forms. Premiums and taxes are not so different. Both are part of the "burden" symptom. You mentioned one whereby a different distribution of the burden arises. One could also wonder whether the social premiums for national insurances ought to be tax deductible any longer. That also is a form of incorporation into the tax system.

[Question] Are you a proponent of that?

[Albeda] Possibly. If one thinks about it seriously, it is very interesting. It would certainly shift the burden in a vertical sense: the strongest shoulders would have to carry the heaviest burdens. However, in view of the nature of the financial problems which will confront us in preparing the budget for 1981, I think we should not disregard any possible solution." The fact is that Minister Albeda's problems have virtually been solved if the premiums of the national insurances will no longer be tax deductible. The middle- and higher incomes will then have to pay relatively higher premiums. With the additional income, Albeda could prevent the lowest-paid from also being served a higher premium. The unstable picture of purchasing power of social affairs would have been saved with this drastic measure. It is not acceptable to Albeda that the average and below-average incomes decrease even further through a policy choice of the cabinet, namely an increase of the premium burden. Albeda: "That's not the road we should take. One can only propose a higher premium burden if employers and employees do not stick to wage curbing. If wage growth mushrooms in 1981, I can imagine that the government holds a higher premium burden behind the door as a sanction." The fact that

this danger is not entirely imagined is obvious from the threats of the CNV [National Federation of Christian Workers in the Netherlands] and the FNV [Netherlands Trade Unions Federation] that both trade unions continue to stick completely to the full cost-of-living compensation of 1980. Moreover, there is an additional threat in the shape of the Engwirda motion (D'66) which pleads for elimination of the strongly increased energy costs from the cost-of-living compensation. In April the CAO [Collective Labor Agreement] for the construction industry will start. The trade union has the cost-of-living compensation at the top of its list as "an attained right." Albeda: "The cost-of-living compensation is a very difficult point. The statement of FNV Chairmen Kok, in which he announced a catch-up maneuver for 1981, does not show great wisdom. At this moment the social partners have nothing to fear from the government on this point. The government, namely, has said that employers and employees must decide on a possible rectification via the Foundation of Labor."

The therapy of belt-tightening is carried through drastically by Albeda via the wage measure. A wage measure which must be recorded in a coherently balanced income policy. Such a policy has become more important than ever because of the economic situation. The reason: already in 1979, 3,750,000 wage earners were under the charge of the collective sector. Of them, 670,000 are civil servants and 410,000 other workers. Besides these 1,080,000 active workers there are 2,670,000 non-active ones who are dependent on the same collective sector for their income. The market sector pays an income to 3,455,000 people, 400,000 of whom can be counted among minimum-wage earners.

Experts point out that in the future more and more wage earners will be touched directly by the policy which is pursued in the collective sector. The government, anticipating an enabling act on income building, has outlined its own income policy, amongst others through the Adjustment Mechanisms Minimum Wage and Social Benefits Amendment Act. Albeda: "One can indeed say that little by little we are engaged in building up a coherent income policy. Other cabinets have done that also. If we draw up the enabling act, one will see that important elements of current legislation are included in it, such as for example the non-CAO-income act. The experiences we will have with controlling the incidental wage component (seniority, promotions, etc.), will also influence what we will write in the enabling act."

The Social Economic Council (SER) meanwhile has been bickering over Albeda's request for advice for this enabling act for a year. A serious disturbance now threatens to occur in the advisory work because the FNV wants to adjourn its activities in the SER for an indefinite period. The chairman of the SER Income Building Committee, Tilburg Professor Reynaerts, himself originating from the union movement, is now thinking of adjourning his SER activities also, out of "considerations of solidarity."

This could lead to the SER advice on the enabling act on incomes building not being ready in time. Albeda: "I think we should first wait for the SER advice. If the SER cannot advise, we ourselves will come up with a draft."

[Question] When?

[Albeda] "I really think that the enabling act should come into being this year. This summer, for example."

Albeda's main concern is for his wage measure to reach 1981 without damage. Many experts have expressed their doubts on this. One of them is the SER crown-appointed member Professor Schouten (CDA) [Christian Democratic Appeal] who stated in Tilburg recently that the forced wage measure is not effective. He even fears a boomerang-effect and predicts that production growth will decrease even more, unemployment will be greater and that the financial deficit of the government will continue to increase. Also the Groningen econometrist Professor Kooyman has publicly expressed his reservations on the wage measure. Albeda calls Professor Schouten's remarks "dangerous defeatist pronouncements" and "educative jokes." Albeda: "I dislike people who say what should be done from within their safe scientific isolation."

[Question] You yourself come from such a background, don't you?

[Albeda] "I have never uttered this type of dangerous statements. I have always been occupied in a very practical manner. If we tell each other that that wage measure will be torn to shreds, it could become a self-fulfilling prophecy. Scientific responsibility entails a thorough taking into account of the effect of your words."

870⁽¹⁾

CSO: 3105

DEN UYL, VAN DEN BERG FIGHT FOR PvdA. TOP POSITION

Amsterdam ELSEVIERS MAGAZINE in Dutch 5 Apr 80 pp 12-14

[Article by Rene de Bok: "PvdA [Labor Party]: Power Struggle Den Uyl Versus Van den Berg"]

[Text] Feelings are running high in the top socialist party leadership. The PvdA Second Chamber Group is still following the footsteps of Doctoral Candidate, Joop den Uyl. There are already more than slight differences of opinion about aspects of policy. But the PvdA power structure meets the greatest opposition in the progressive policy of party chairman, Max van den Berg. An open confrontation with as a result: the quiet retreat of one of the two: Den Uyl or Van den Berg, does not appear far away. The struggle for the PvdA leadership has finally broken out.

Doctoral Candidate Joop den Uyl is a deplorable politician. As opposition leader, he has failed before the nation. Almost 28 months after the beginning of a Van Agt cabinet with a weak social and political foundation, Den Uyl regretfully sees that the successor he criticized is still entrenched in his position, and perhaps more firmly than ever. And even when the cabinet appears to give the opposition a free hand, because of its weakness and inner insecurity, Doctoral Candidate Den Uyl's performance seems to be mediocre.

In the nuclear weapons discussion, the PvdA showed that it was not able to make a breach in the government coalition on its own power. The socialists depended on the always uncertain cooperation of a group of dissident CDA [Christian Democratic Appeal] members, a poor guarantee which, in fact, was not made

good. Thereupon Den Uyl gave free rein to his disappointments. He expressed for the umpteenth time his doubts and his contempt for the integrity of Christian policy.

But he did not know what to do about it. The latest election polls show a decline of the established ideologies, socialism and liberalism and a rise of the christian democratic and democratic ideologies of the CDA and D'66 Democrats '66. The reduced interest of the voter in the socialist product is a hard blow, both in the Second Chamber Group as well as in the PvdA Executive Committee.

Party Chairman Van den Berg regards the PvdA's decline as an indication of the alienation which has developed in the seventies between the verbal interpretation of socialism in parliament and the increasing needs of the society. The deep gulf which lies between the socialism of The Hague circles and the PvdA rank and file was his main "issue" in the election race for the party chairmanship between him and the former state secretary, Wim Meijer.

When the PvdA Congress preferred the man of the rank and file, Max van den Berg, that was a sign that a radical change in the PvdA power structure was in the wind. Max van den Berg said that without mincing words: "There is a wide gap between The Hague and society. Between: how laws are made there in The Hague and how people experience injustice and inequality in daily life. Sitting confined in The Hague, and only taking care of your own little shop, increases that gap. I consider that a threat to parliamentary democracy. It undermines people's confidence in democracy.

Den Uyl has at the very least underestimated Max van den Berg's importance and representativeness for a not inconsiderable part of the electorate. But he is a politician who has become so accustomed to the superior position of the chamber group with respect to the party executive committee, party council and party congress that he cannot believe in a crisis of authority. Former Defense Minister Vredeling could even explain scornfully during the Den Uyl cabinet term: "congresses do not buy any planes!" but he ignored with that the rank and file movement below the surface, which was out to take away part of their power from the parliamentary socialists.

That tendency was already visible on the local level, where PvdA areas publicly discussed a possible mandate of an elected alderman. The disappearance of Han Lammers as an alderman was a symptom of a new order in the PvdA. In the party executive

committee, the new trend still did not make its appearance under the chaotic chairmanship of Ien van den Heuvel. However, the first preliminary symptoms were there.

Max van den Berg was the product of that new order, in which planning, regulation and political direction of the economy again are emphasized.

Den Uyl sized up his opponent and decided to be as troublesome to the new party chairman as the latter was to the parliamentary group. Consequently the first clash was not long in coming. In October 1979 Max van den Berg wrote in the party newspaper, "Rose in the Hand," a deadly article about the party position and the PvdA Second Chamber Group's policy. In an illuminating article in *FRIJ NEDERLAND* he advocated a more clear cut social-economic policy in which planning, regulation and control were basic concepts for the "package of social reform, anticapitalistic measures."

Den Uyl could not take this lying down, but because a direct answer could be misconstrued, an interpretation was decided on which would again enhance Den Uyl's prestige. And therefore after heavy pressure, the party executive committee was persuaded to call its chairman to order. With that, Max van den Berg's first defeat vis-a-vis the party institution, Den Uyl, was an undeniable fact. The fact that Den Uyl chose this strong measure, was then already proof that he wanted to put his opponent in his place before the troops.

Max van den Berg immediately offered his apologies. He understood that he could not answer Den Uyl's criticism at this stage with a suitable response. Van den Berg's strategy does not include a fight to the death in public. Van den Berg does not make surprise attacks on reputations. His personal style is more in the field of the lobby, manipulation; he publicly affirmed Den Uyl's leadership and then quietly continued to develop his long term project, the elimination of Den Uyl as the representative of a clique of bourgeoisified politicians. Consequently he did not find the losses in the election polls unwelcome.

After his hasty apology to Den Uyl for his all too frank views, Van den Berg continued his penetration in the parliamentary group. He meets the Second Chamber parliamentary group once a month, during which opportunity he expresses his ideas. Meanwhile this meeting is already referred to in the parliamentary group as a good hour. Besides that, Van den Berg also attends a parliamentary group discussion once a week.

The grip of the executive committee on the parliamentary group is becoming stronger. Besides conflicts can hardly be avoided. Den Uyl still maintains an unsteady balance between the carefully maneuvering parliamentary group, which provides opposition without menacing the government coalition and the party executive committee, where dissatisfaction with the socialist's parliamentary impotence increases by the day. But especially persons such as former minister of foreign affairs, Van der Stoep and former deputy chairman, Van der Doef have difficulty in coping with the pressure from below.

Disagreement has arisen between the PvdA parliamentary group about the extent to which government economies are necessary to put the economy on a sounder basis. Van den Berg thinks that the total amount of public benefits must remain the same, while Den Uyl is of the opinion that it will not be possible to avoid a reduction of government expenses. After a show of strength, his parliamentary fraction and the party executive committee have agreed on social-economic policy for 1980. Maintenance of average purchasing power is one of its main goals. The party executive committee set an example for the parliamentary group in that. The parliamentary group held out--against the background of priority for housing and employment--for a minimum policy, even for the average. The longer term goals, such as Max van den Berg expresses them, are far removed from the strategy of cautious political operation which characterizes the PvdA Second Chamber group in this cabinet term. Moreover, Max van den Berg aims to see to it that the quick unmasking of Crisis '72 in the Van Agt Cabinet will not repeat itself a second time. Van den Berg is considering far reaching plans, plans which provide for a socialistically oriented policy program, so intensive and so organized that a subsequent cabinet will not manage to obstruct the PvdA policy goals at its pleasure.

Max van den Berg accuses Den Uyl of having implemented a half-hearted, far from consistent socialist program, while he was in power. In this respect, he expresses several wishes which cannot be misunderstood: if the PvdA will again be responsible for the government next year, Van den Berg advocates another approach: "We will begin immediately with an income policy and at the same time with a number of laws, with which we will respond to the many social problems which we want to combat," such as no deduction of mortgage interest above 300,000 guilders (or lower); 100 percent gas profit for the state, drastic income reduction at the top, legal regulation of mergers, a profits tax, capital gains distribution, combating land and housing speculation.

Although he questions the integrity of the CDA whenever he can, Den Uyl is realist enough to understand that in the next cabinet formation, he still will presumably be dependent on cooperation with the christian democrats. He also sees his plans for that purpose foiled by Max van den Berg, who sees his salvation in the PPR /Political Party of Radicals/, PSP /Fascist Socialist Party/ and even the CPN /Communist Party of the Netherlands/.

As a legacy of Jelle Troelstra, Max van den Berg is making plans for the establishment of a socialist welfare state. But Van den Berg has the capacity to get people in his pocket more than Troelstra. Once more: Den Uyl does not underestimate his rival. But he must show more creativity and strength than he is now doing to keep the political leadership of the PvdA in his possession.

8490
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OIL CONSUMPTION FIGURES FOR FIRST HALF OF 1979

Lisbon O JORNAL in Portuguese 29 Feb 80 p 14

[Text] In the first half of 1979, 3,522,595 tons of petroleum products were marketed, a 9 percent increase over the same period in 1978.

Aviation and maritime markets declined by 1.7 and 11.9 percent, respectively. This was offset by the rest of the market which absorbed 11.9 percent more petroleum products, representing higher sales of gasoline (8.4 percent) and fuel oil (up 22.6 percent). The doubling of purchases by EDP particularly influenced the latter figure.

With regard to other fuels, gasoline sales for automobiles remained stationary at 339,000 tons, virtually the same as in 1978.

This balanced performance was highlighted by the fact that until recently gasoline prices were set in a way to subsidize gas oil and fuel oil. The latest price changes decided upon by the Government bring prices for these two products closer to their real prices, which may partially modify the picture described above.

Over 4 Million Tons of Crude Imported

During the first half of last year, 4,065,750 tons of crude petroleum were imported. Although supply difficulties were experienced because the port of Leixoes was not operational (which prevented unloadings in January and February) use of the Sines terminal made possible a 44.4 percent increase over the same period in 1978.

Iran Falls Behind as a Supplier

The drop in Iranian oil exports caused Portugal to diversify its sources of supply. For the first time, crude was imported from Nigeria, and traditional sources of supply, namely Iraq and Saudi Arabia, were turned to more heavily.

During the period considered, Iraq accounted for 44.7 percent, Saudi Arabia 26.1 percent, Iran 12.5 percent, and the USSR 8.9 percent of total supplies.

A major portion of crude oil imports during the first quarter was acquired in Rotterdam for the refinery in Porto. In the second quarter, the Porto refinery was wholly supplied from the port of Bilbao where PETROGAL stock-piled supplies when the Leixoes facility was out of service. During that period northern Portugal was supplied by a tank truck shuttle from the Sines refinery.

In the period January to March, the refineries at Sines, Porto and Cabo Ruivo turned out 87.4 percent of products consumed. In the second quarter of 1979, that figure climbed to 98.6 percent.

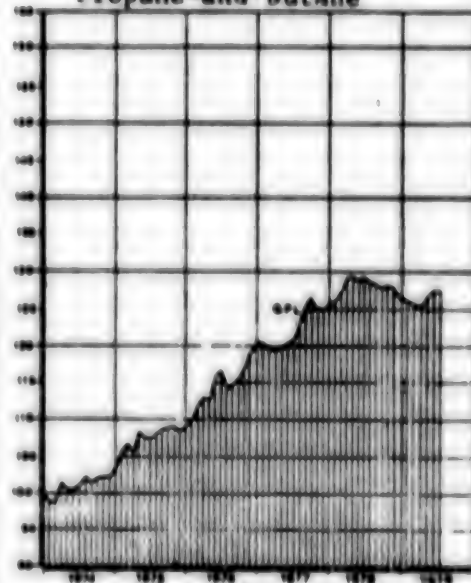
Jump of 9.9 Percent in Imports of Refined Products

Oil commodity imports during the first half of 1979 were 756,795 tons, a 9.9 percent increase over the same period during the preceding year. The oil balance for the first 6 months reflected a substantial increase in stocks, an indication that imports helped offset regular production deficits experienced early in the year. The fuel oil market was most affected by that situation; in January almost 156,784 tons had to be imported.

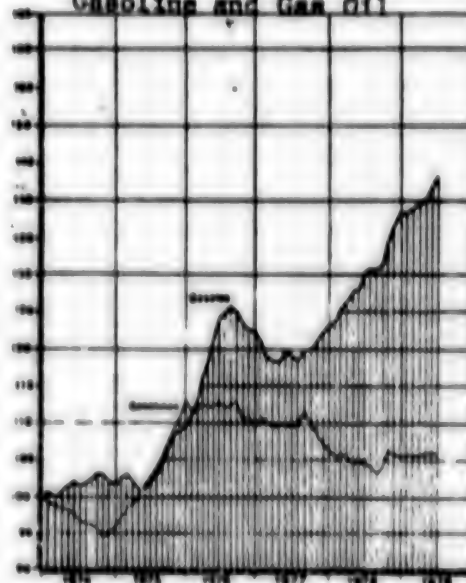
Exports of refined products amounted to 145,067 tons. This figure, up 398,000 tons from the first half of 1978, was again due to processing and respective delivery of products (106,385 tons in the second quarter).

BREAKDOWN OF DOMESTIC SALES OF PRINCIPAL FUELS SINCE 1973

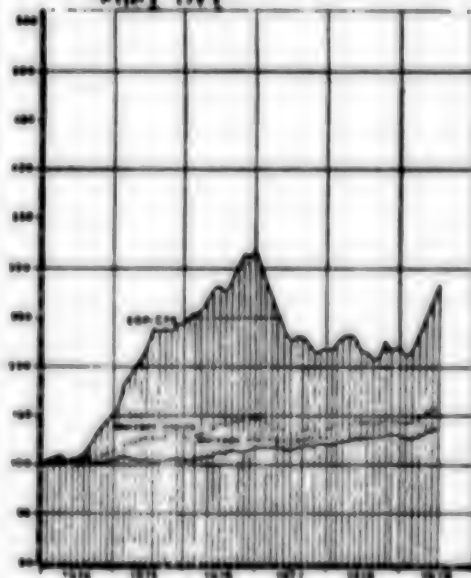
Propane and butane



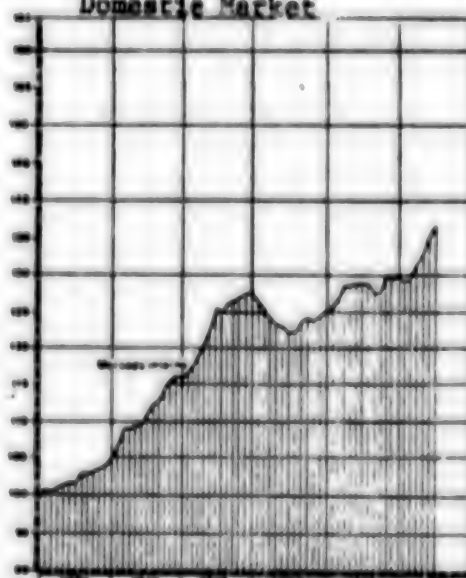
Gasoline and Gas Oil



Fuel Oil



Domestic Market



Source: Magazine published by the General Directorate of Energy.

9268

CSO: 3101

BRIEFS

AIR TRAFFIC CONTROL EQUIPMENT--The Council of Ministers has decided to authorize ANA (Airport and Air Navigation Public Enterprise) to open international bidding on the supply and installation of the new air traffic control system of the FIR/UIR's in Lisbon and Santa Maria. Total cost of this undertaking is estimated at almost 4 million contos, 80% of which will be for equipment imports and 20% for construction and domestic materials. The period for supply and installation will be 3 years, allowing the continental system to be operational by 1983 and the Atlantic system by 1984. [Text] [Lisbon EXPRESSO in Portuguese 1 Mar 80 p 17] 9268

TRADE WITH SENEGAL--The joint Portuguese-Senegalese committee met in Dakar to study increased trade between the two countries and cooperation in several areas. The meeting culminated in the signature of a trade protocol. During the meeting, interest was expressed by Senegal in purchasing tomato concentrate from Portugal and in learning about Portuguese potential for supplying rolling stock and lift equipment, plus docks and services in the engineering sector. Trade between the two countries is rather small. During the first semester of 1979, Portugal exported merchandise worth 14,019 contos to Senegal (0.02% of the total) and imported merchandise worth 145,362 contos (0.1). The deficit trade balance was 131,343,000 escudos. [Text] [Lisbon EXPRESSO in Portuguese 1 Mar 80 p 17] 9268

CSO: 3101

PCE'S AZCARATE ON PARIS CONFERENCE, REAFFIRMS INDEPENDENCE

Madrid EL PAIS in Spanish 7 May 80 p 8

[Article by Manuel Azcarate, PCE's official for foreign relations: "A Conference Which Could Prove Enlightening"]

[Text] The reports from the conference recently held in Paris by 22 East and West European Communist Parties have suggested to me the following comments:

1. The essential goal of the leading promoters of the conference (and I am obviously referring to the Soviets, not the Poles and French) was to explicate, in one way or another, the alinement of the European Communist Parties with respect to the Soviet Union's foreign policy positions at a particularly critical point in the international situation; hence, alinement with one of the two military blocs existing in the world today.

To some extent, the "theoretical" background of the conference was set forth by the Soviet delegate, Boris Ponomarev: There is no third route: either on the side of imperialism or on the side of the Warsaw Pact; there is no room for any other position for the revolutionary workers' movement.

It is an attempt to focus what I would call "field glasses" on that revolutionary workers' movement, so as to try to view the world through them. Now then, those glasses are completely distorting at present. They prevent one from observing the contemporary reality, and therefrom, from acting on it, and devising a progressive, revolutionary strategy.

We are living in an era of world history wherein socialism and capitalism are confronting one another. But socialism is something different. It is far more than the military bloc headed by the Soviet Union.

Similarly, it is impossible to confine capitalism to the group of countries affiliated with the NATO pact, led by the United States.

Situated outside of the dialectics of the two blocs is that huge and so dynamic part of the present-day world represented chiefly by the peoples, by

the hundreds of millions of men and women who have recently liberated themselves from the chains of colonialism, who until yesterday were mere "objects" in history, but who today are asserting an increasing desire for a leading role in the destiny of the world. And that Third World (apart from the inappropriateness of the term) lies basically in the movement of the nonaligned.

I cannot help but recall a personal experience that I had when I served as an adviser, representing the Spanish Communist Party, on our country's delegation attending the UN Assembly meeting held last October in New York. When Hussein of Jordan addressed that Assembly, making angry accusations against the policy of the United States, and the Camp David agreements, virtually that entire Assembly stood up, with an attitude of criticism and condemnation of the United States' policy. Now then, that same Assembly is the one which voted, by an overwhelming majority, for a condemnation of the Soviet intervention in Afghanistan, and for demanding that the USSR's troops be withdrawn from that country.

Anticolonialism Apart From Blocs

The main steps taken recently to liberate peoples from colonial and imperialist domination (I am referring to Iran, Zimbabwe and Nicaragua, and soon, the Saharan people) have occurred outside of the dialectics of the blocs. And, therefore, to attempt to confine one's view of the present-day world exclusively to a game between the United States and the USSR, and between the Warsaw Pact and NATO, means ignoring and turning one's back on some of the major progressive transformations that are taking place (accompanied by inevitable contradictions).

It must be said that the North American leaders are also wearing those "field" glasses when they ascribe any revolutionary progress, and any change that does not please them, to the sinister maneuvering of Moscow.

To summarize (and this is one of the basic reasons that the Spanish Communist Party, and probably other parties, have refused to attend the Paris conference), if the European workers' movement were to allow itself to be confined to the dialectics of the two blocs, it would, in fact, be giving up all its capacity for influencing the international realm; and, in particular, it would preclude advancement toward what, in my opinion, is the critical issue: progress toward an agreement, an alliance, of the democratic and labor forces of Western Europe with the peoples of the Third World, in a struggle for their political and economic independence.

2. On another subject, the Paris conference has highlighted the following facts: the strength of the centrifugal movements within the Warsaw Pact itself, evidenced by the absence of Romania.

The absence of Yugoslavia, whose role as head of the nonaligned is critical; that of the PCI [Italian Communist Party], the strongest in the capitalist world; and that of others, such as the parties of Spain, Great Britain, the Netherlands or Sweden, attest to a serious difference regarding the very purpose of holding a meeting of this kind.

And, at the same time, the desire of certain parties, more specifically the Communist Party of the Soviet Union, to make that difference public, and to explain the presence of opposing positions as an essential price for showing, at least, an alinement of a certain number of parties around the Soviet Union.

I consider it highly significant that the Soviet press organs did not publish, or did so in a remarkably sparing and timid manner, the names of the Communist Parties which failed to attend the Paris conference. In my opinion, this fact indicates that the alinement sought at the Paris conference had at least a strong motive related to domestic policy. The very slight effect that a conference of that type could have on international policy was so obvious that few could harbor any illusions concerning it. On the other hand, we are quite used to noticing the importance which the Soviets, with a view toward their own public opinion, attach to "gestures" in the international area, even though they be highly artificial and devoid of real effectiveness.

3. Moreover, it is symptomatic that the written results, the report approved at the Paris conference, call for a new agreement with other Socialist, Social Democratic and Christian forces for a common struggle on behalf of peace; whereas, in the very arguments proffered by several parties refusing to heed the Paris convocation, it was claimed that the important, critical matter at present was to progress toward that extensive combination of Communists and other forces similarly concerned with the cause of easing tensions, peace and disarmament.

Hence, it might appear that, in this respect, there is agreement between those who attended the conference and those who did not attend. I regard this as a superficial manner of observing matters.

Let us proceed to the concrete realm: Can anyone imagine that agreement, rapprochement and possible mutual action with Socialists, Social Democrats and Christians can be achieved through an alinement with the positions of the Warsaw Pact, or with the Soviet Union's foreign policy? I think that one need only ask the question in order to answer it.

Then we come to the most substantial part of the difference: For the Communist Parties, specifically those of Western Europe, is it a matter of making propaganda for the positions upheld in the diplomatic area and in international affairs by the Warsaw Pact nations? It is a matter of issuing convocations to large meetings so as, in a way, "to look as if we are the good ones"? Or is it a matter of making policy? That is, engaging

in activity involving proposals, initiatives, talks and meetings that are open from the outset to other Socialist, Social Democratic and progressive forces, for the purpose of really building a new group and a new position in Western Europe toward the problems relating to peace, the easing of tensions and disarmament; a new position which can be neither backing for the rash, insane policy in which the North American imperialists are becoming increasingly submerged, nor support for the Soviet policy, recently typified by military intervention in Afghanistan.

A Non-Propagandist Eurocommunism

4. Now the Eurocommunist position, which I believe is the one that we in the PCE and a number of other parties have maintained, differs in a fundamental respect: in the concept of what the role of the West European democratic workers' movement should be. Not a role involving propaganda for the policy that is devised and established by others, but rather an independent, autonomous role of its own, capable of effecting a real change in the situation, and hence of contributing, along with other forces, to the surmounting of the dreadful crisis which we are experiencing in the international situation, removing the threats of war, and helping to restore an atmosphere that will make it possible to build bridges, set up negotiating tables, ease tensions again and also foster a new way of dealing with the problems of controlling and reducing arms.

Let us consider the issue of the Euro-missiles. Based upon a charge that the Soviets have achieved superiority by installing the SS-20, the North Americans have managed to force NATO to decide on the construction of the Pershing-2 and Cruise missiles. It is obvious that, if things continue in that direction, the nuclear rearmament of Europe, with the measures adopted by NATO, and the logical measures which the Warsaw Pact would take subsequently, would reach terrifying extremes. In fact, a situation would be created whereby Europe could be totally destroyed in a nuclear war, even without the intervention of the strategic nuclear weapons held by the two major powers.

What stance should we West European Communists assume toward this problem? Backing the position of the Warsaw Pact, and insisting solely that NATO must not implement its decision for nuclear rearmament?

We believe that there is a different course of action: The Communists and leftist forces of Western Europe, taking a stand apart from the logic of the blocs, and on behalf of the real interests of the European countries, should demand that negotiations on that issue be started without delay between the two blocs; open negotiations, negotiations wherein there is an effort to establish genuine balance, on the one hand, and, on the other, all the cards are placed on the table, as has occurred in the SALT negotiations; negotiations aimed at having that balance achieved, not by increasing the nuclear weapons on both sides, but rather by reducing them and, insofar as possible,

making the Euro-missiles on the European horizon disappear. This means not only demanding that NATO revoke the decisions that have been made, but also probably demanding that the Soviet Union and the Warsaw Pact eliminate part of their nuclear weaponry, if that results from the negotiations.

But a position of this kind is inconceivable at a conference such as the one held by some of the Communist Parties in Paris.

5. In view of the new danger-laden attitudes manifested in United States policy, with the insane operation in Iran on the one hand, and the reaffirmation that it is ready to repeat actions of that type on the other, there has been evidence in Western Europe of a trend toward a policy of lessening its subordination.

The tendency toward autonomy in Western Europe can hardly be implemented by right wing governments representing the big capitalist monopolies. The right wing may reflect that objective need of Europe, even through the instability and collapse of its government; it cannot achieve or create the new European policy that is essential today.

Hence the great challenge for the European left. Within the latter, forces which have traditionally followed the North American policy, for example, at the beginning of the war in Vietnam, are heading toward new positions. Within the Socialist and Social Democratic Parties, attitudes are beginning to take shape which are pressing for West European autonomy in the present international crisis, seeking to establish the old continent, not as a tool or a part of a bloc, but rather as a factor capable of helping to reduce the confrontation between the two superpowers, and to seek methods for negotiation and for easing tensions. This has been reflected in the resolutions from the Socialist International, at its meeting in Vienna, in the recent report of the British Labour Party on Eurocommunism, etc.

To show the "Euro-left" as something already in existence would be exaggerated and erroneous. The European left is still beset with difficulties, contradictions and obstacles, which do not offer a very optimistic picture. However, there are signs that the causes which produced the major splits during the 1920's could prove to be historically outdated; and that the dialog between Communists and Socialists should now be concentrated on the possible alternatives to the crisis and, in a more immediate manner, on an actual contribution to the solution of the international problems, making increasingly forceful progress.

2909
CSO: 3110

FIRST MEXICAN OIL SHIPMENT UNDERWAY

Mexico City EL DIA in Spanish 15 Apr 80 p 6

[Text] The first shipment of Mexican oil to Spain, which left yesterday, consists of 463,000 barrels of crude representing part of the contract for up to 100,000 barrels a day signed last year by PEMEX [Mexican Petroleum] and the Spanish state enterprise, HISPANOIL.

In Europe, the Madrid press conspicuously played up the news that Spain would in the next few days begin to receive Mexican oil purchased by the Spanish Government.

The morning daily ABC said yesterday that PETROLIBER would soon receive the first shipment. The Monday edition today announced that the Mexican oil contracted for by the government would be arriving.

This will be the first delivery agreed on in the contract signed in January 1979 to supply 25 million tons of PEMEX crude over a 5-year period, or an average 100,000 barrels a day.

Actually, this delivery materialized following a number of successive postponements due to PEMEX's lack of available oil.

The shipment which inaugurates our sales to Spain embarked from the Rabon Grande mooring buoy, located opposite the port of Coatzacoalcas, Veracruz, aboard the tanker "Munatones" with a dead weight of 95,189 tons belonging to the Spanish company, Northern Oil Company, Incorporated (PETRONOR) of which, as we know, PEMEX is a shareholder and through which we will also supply other European customers.

Furthermore, PEMEX informed us that the 100,000-barrel-a-day volume of deliveries stipulated in the contract will be achieved during the second half of this year, or before next June, and made it clear that sales would be made at prices and under terms of payment set by PEMEX for all its customers.

PEPEX also supplies the Spanish Oil Company, Incorporated (CEPSA) on the Iberian Peninsula with crude.

The Spanish press stresses the fact that, while deliveries may in fact have begun, they will not occur at regular intervals, since PEPEX, alleging force majeure, has advised HISPANOIL of a 10-percent cutback in addition to the one announced earlier, apparently amounting to 50 percent, according to ABC.

11,466

CSO: 3010

ARMENIANS PROTEST IN ATHENS, OFFER SUPPORT TO GREEK CYPRIOTS

Istanbul HURRIYET in Turkish 24 Apr 80 pp 1, 11

[Text] Armenian organizations in various European countries have started a day early on their demonstrations in memory of 24 April, the anniversary of the 1915 events. Organizing acts of violence against Turkish diplomats and representatives abroad, the Armenians have succeeded in creating an atmosphere of terror as they proclaim in their demonstrations: "The struggle will not be over until an Armenian nation is established." Turkish diplomats and representatives, as well as HURRIYET correspondents abroad, are constantly threatened.

In Greece

Turkish diplomats in this country are having a bad time of it amidst the Armenian war cry against Turks in Athens. The Greek government's open patronage of the Armenians and the inadequacy of security measures around the Turkish compound in Athens have forced the Turks there to look to their own security. In response to a report from Interpol that "the children of Turks in Europe are the new Armenian targets," the Turkish Foreign Ministry has requested that Greece take measures for a time at the schools attended by Turkish children in Athens. The request, however, was not taken seriously, and the Turks have decided not to send their children to school for a while. As of yesterday, Turkish children in Athens are spending their 23 April holidays at home in fear, amidst the anxiety of their parents.

While the Armenians continue their shouts of "We want Turkish blood," protective measures around the Turkish mission in Athens are no more extensive than around the missions of the tiniest nations.

At anti-Turkish demonstrations in Athens yesterday, Armenians attacked HURRIYET Athens bureau reporters and photographers, preventing their taking any pictures. One of the Armenian organizers, Grigor Ercenyan, and two Armenian militants tailed HURRIYET's Athens representative for 2 hours, hoping to start something. Armenians beat up the Greek photojournalists who tried to take pictures of this, claiming that they were taking pictures for the Turks. Armenians gathered in front of the United Nations office

carrying signs reading: "Armenians want back their lands under Turkish occupation" and "We will fight to victory." They began a hunger strike here which was to last 48 hours, but a police officer told the Armenians to disperse. All Athens was hung with posters about this yesterday. Thousands of posters were plastered on walls throughout the city, even to the remotest corners. It was said that the Armenians must have spent 20 million Turkish liras to have these posters made.

More trouble started when HURRIYET published in translation articles which an Istanbul Greek journalist, who had been expelled from our country for anti-Turkish activities, had published in his newspaper from stolen reports sent to headquarters by Greek agents in Ankara. The Greek journalist, Lambikis, who had served on his own in Turkey before, was investigated for endangering the security of the Greek Central Intelligence Service (KYP) agent in Ankara and when the investigation began, the Greek journalist published a headlined article in the KONSTANDINOPOLIS newspaper scurrilously attacking HURRIYET and its Athens representative.

Armenians in Cyprus Invited to Give Blood for Greek Cypriots

Armenians living in Cyprus are being joined by Greek Cypriots for the first time in their 24 April commemorations. Armenians on Cyprus stayed away from work yesterday to participate in the 24 April ceremonies.

In ceremonies encouraged and supported by the Greek Cypriot administration, Armenians made anti-Turkish speeches and proclaimed to the world that 6 million Armenians would appeal to the United Nations for the restoration of their rights.

A commemorative ceremony was organized at the Acropolis Primary School, and the Armenian Patriarch Aznavourian spoke at this ceremony. Bulletins circulated in Nicosia, Limassol and Larnaca on behalf of the "Armenian Coordination Committee" invited all Armenians to the Acropolis Primary School and took the occasion of 24 April to ask Greek Cypriots to join in their struggles. Armenians were also invited to give blood for Greek Cypriots. It was announced that Armenians would give blood for Greek Cypriots at the Greek Cypriot hospitals in Nicosia, Limassol and Larnaca in honor of 24 April and as a way of sharing in the Greek Cypriots' struggles.

Article Issues Warning

The Komotini newspaper HRONOS published an article in defense of the Armenian-Greek Cypriot solidarity. The article appears verbatim below:

"We and the Armenians"

"We may not know what the Armenian organization called the 'Secret Army for the Liberation of Armenia' represents or how strong it is. Be that as it may, it is an anti-Turkish organization and this alone renders necessary every support possible on our part. Indeed, this support must be rendered in keeping with the proverb: 'The enemy of my enemy is my friend.'

"This Armenian organization must be helped by all free people in order to bring down the heaviest blow possible on our greedy neighbors, who have murdered millions of people like the Armenians, who have suffered the worst aspects of Turkish cruelty, and whose only skills are brigandage and plunder. Indeed, to render aid to this organization is the duty of all free people. Since they understand that the barbarity of our neighbors will not remain unpunished, is it possible not to desire a successful conclusion of the struggle launched by the Armenian organization named above?"

The organization called the "Secret Army for the Liberation of Armenia" in this article expressing Greek Cypriot feelings consists of the common criminals who were hired to murder in cold blood our foreign representatives and their wives and children. Thus there is proof that it is not a so-called Armenian cause behind this gross terrorism, but other circles who want to divide our Turkey.

There are quite a few indications that the Armenian terrorists are receiving all aid from the Greek Cypriots in the actions they undertake. It is sufficient alone to mention that Kyprianou was presented a symbolic cross and shield by the Armenians for his service in the Armenian cause. It is known also that the Greeks have encouraged Armenian terrorism by ignoring the activity in their country and in this way have provided them a kind of support. Light is shed on Greece's attitude toward Armenian activities by the unveiling in a central quarter of Athens last year of an Armenian memorial symbolizing Turkish hatred and the attendance at the ceremony of the mayor of Nea Smirna [as published] (New Izmir) and several national deputies and police administrators and by the extensive publicity given Armenian propaganda by the Greek news media through coverage of an Armenian exhibit some time ago of pictures of our martyred ambassadors. A statement in the Italian periodical PANORAMA revealed that even beyond this, Greeks actively support these activities, participating in the organizing and planning of Armenian terrorist actions.

Those concerned say, "We do not know whether the Greeks and Greek official circles are aware of the gravity of this situation. But, in any case, Greece must know that Turkish public opinion cannot ignore such behavior, else it must bear in mind all the consequences this would entail."

AFP is Armenian Spokesman

The FRENCH NEWS AGENCY, AFP, reported under the headline, "Armenians and Armed Struggle," that various Armenian organizations would launch a new bloodbath in the days ahead. "On 24 April 1915, the massacre of 1.5 million Armenians began in Turkey. Sixty-six years later, the Armenians are tired of being forgotten. Some of them, in imitation of the Palestinians, have chosen armed conflict with the Turks and by stepping up their assaults, are trying to impose themselves on world public opinion," AFP said, maintaining that the sympathy of young Armenians in particular had been won by the two secret organizations which, despite official reproach by 6.5 million Armenians -- 3.4 million of whom are in Russia -- struck down the Turkish diplomats 5 years ago.

AFP also mentioned the secret press conference held in Saïda, south of Beirut, on 6 April by the underground Armenian organization and wrote:

"The 'Secret Armenian Army for the Liberation of Armenia,' which intends to take its activities onto Turkish soil, held a secret press conference with masked representatives of the 'Kurdish Labor Party' on 6 April in Saïda, south of Beirut, and the representatives of the two organizations announced that the two organizations have allied themselves for the struggle against the Ankara government.

"This 'historic' change (because the Kurds contributed to Armenian genocide at the sides of the Turks) is more dangerous for Ankara than the Turkish, Iraqi and Iranian Kurdish minorities which have gained strength recently owing to the conflict between Tehran and Baghdad."

8349

CSO: 4907

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